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JPRS-CEA-85-020

22 February 1985

# China Report

ECONOMIC AFFAIRS

DTIC QUALITY INSPECTED 4

DISTRIBUTION STATEMENT A

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19980717 158

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22 February 1985

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NATIONAL POLICY AND ISSUES

RELATIONSHIP BETWEEN LAW OF VALUE, OTHER ECONOMIC LAWS

HK040849 Beijing GUANGMING RIBAO in Chinese 27 Jan 85 p 3

[Article by Liu Zhiyi [0491 0013 5030]: "The Relationship Between the Law of Value and Other Economic Laws in Socialist Society"]

[Text] The socialist economy is a planned commodity economy. The commodity economy is the central content of the planned economy and forms the material foundation for the socialist planned economy. Planning is a fundamental form and a main means of developing the socialist commodity economy. The commodity nature of the socialist economy exists throughout the whole process of socialist economic development, forms the focus of all economic relations in socialist society, and constitutes the basic form of social relations under the socialist system.

Precisely for this reason, the law of value, which is a basic law governing the commodity economy, holds a basic and central position among other socialist economic laws. That is to say, all other socialist economic laws must function jointly around the law of value.

Undoubtedly, the basic socialist economic law determines the character and developmental orientation of the socialist economy. In the system of economic laws that govern the socialist economy, this basic socialist economic law plays a dominant role. However, in the historical stage of socialism, fully developing socialist commodity production and commodity exchange is a basic way to achieve the purpose of socialist production. In order to develop the socialist commodity economy, it is necessary to follow and apply the law of value in a conscientious way. This is also an objective requirement of the basic socialist economic law and a necessary condition for the full functioning of the basic socialist economic law.

The establishment of socialist public ownership makes it possible to develop the commodity economy in a planned way. The main objects of socialist economic planning are various relations in the commodity economy, and the regulatory mechanisms of economic planning are reflected in the giving of consideration to the economic interests of all commodity producers. All economic plans, whether they are mandatory plans or guidance plans, must be based on the law of value and be realized through the functions of the market mechanisms. Therefore, as compared with the law of planned development, the law of value still plays a central role.

The law of value also sets a standard for measuring the quantity of "work" in carrying out distribution according to work, which also forms a law governing the socialist economy. The law of value not only regulates the distribution of consumer goods, but also has a direct bearing on the whole process of distribution according to work, because the principle of "equal work, equal pay" must be implemented on the basis of exchange of commodities at equal value. Therefore, the law of value also plays a central role in ensuring the effective implementation of the principle of distribution according to work, and forms a foundation for the functioning of this principle.

CSO: 4006/350

NATIONAL POLICY AND ISSUES

PRC PAPER ON DEEPENING UNDERSTANDING OF LAW OF VALUE

HK070635 Beijing GUANGMING RIBAO in Chinese 27 Jan 85 p 3

[Article by Tao Haisu [7118 3189 4725]: "Our Understanding of Value and the Law of Value Must Be Enriched, Deepened, and Developed"]

[Text] Consciously relying on and making use of the law of value is the core for establishing a planning system characterized by the integration of centralized guidance and flexibility, and is also the key to the success of the reform of our entire economic structure. We should strengthen our study of value and the law of value, and enrich, deepen, and develop our understanding of them.

The fact that value is determined by the time spent on labor required by society and that commodities are exchanged at equal value is Marx' good general and scientific explanation of value and the law of value on the basis of transforming the theory on the value of labor contained in classical economics. There are many links to be taken into account in the process of understanding this general explanation, and in mastering the specific role of the law of value in complicated economic activities. In particular, under present conditions, we should be clear about the characteristics, structure, and functions of the law of value in terms of the new development of productive forces and science and technology, and specific socialist economic relations, so that we can consciously see it to organize and administer socialist economic life. There are a lot of problems to be explored and solved in this respect.

Over a long period of time in the past, our economic structure was actually based on a pattern which disregarded the value of commodities, and advocated direct arrangement of labor by the whole society. Under such circumstances, carrying out an in-depth study of the role and functions of the law of value in a socialist economy was not an objective requirement. It was also impossible for us to do so. In recent years, with the development of the practice of reform, we have conducted more and more discussions on commodity relations and the law of value. However, our discussions are mainly concentrated on the necessity of the existence of commodity and monetary relations, the position and role of the law of value, and other topics. We have not yet carried out an in-depth discussion on various specific links in which the law of value plays its role. The problems in some fields have not yet been touched upon.



Therefore, when we encounter the problem of how to specifically make use of the law of value to guide and regulate the operations of our economy, our theory seems inefficient and scarcely prepared to deal with it. This specifically manifests itself in the fact that we directly apply the abstract theory on value and the law of value to practical economic life in an oversimplified way, regardless of the many links inbetween. For example, when discussing the role of the law of value, some articles have limited their discussion to topics such as value being decided by the labor needed by society, the contradiction between individual value and social value, and so forth. It seems to them that the task of consciously making use of the law of value is merely to keep price in line with value. All this has been reflected in the handling of some specific problems. For example, with regard to the issues of the basis of price in a planned economy, the price scissors of industrial and agricultural products, and so forth, we only take into account the material and labor consumption of unit products, without considering the so-called basis of the "value," of the entire amount of funds spent. In fact, once commodity economy has quit the stage of simple commodity production, price is no longer determined by value in the original sense. It is determined by the production price. If we fail to completely grasp the problem of production price, we lack a solid theoretical basis in terms of rationally regulating the flow of capital, apportioning manpower and means of production among various departments and sectors manufacturing products, urging economic units to pay attention to the factor of time in the enhancement of economic results, giving play to the role of the lever of interest, correctly treating what is received from funds, dealing with the problem of the distribution of incomes in the activities of integration, raising funds, and buying shares, and so on.

Furthermore, when we proceed from the general regulations on value of production price, our understanding of the role and functions of the law of value is still insufficient. This is because there are still many intermediate links between production price and market price. This process is restricted and affected by many factors, the factor of supply and demand in particular. Therefore, we should not rest content with the abstract theory on the "fluctuation of price according to value." We should carry out an in-depth study of the law governing the movement of supply and demand, the present situation in supply and demand, and the relations between determining value and ascertaining value. In the meantime, we should not neglect problems such as the creation of demand, flexibility of demand, the characteristics of the changes in the relations between supply and demand of both substitute products and mutually supplementary products, the relations between supply and the curvilinear motion of costs, and so forth. We should accurately and comprehensively grasp all these issues on the basis of clearly understanding the theory on the value of labor in light of the special conditions of a socialist economy.

The motion of the law of value, which is connected with the three basic layers of value, production price, and market price, involves many problems which are to be studied and clarified. For example, with the progress of science, technology, and productive forces, many activities which were formerly carried out in the direct process of production have now been divided into independent undertakings, such as service the trade and other trades which provide know-how and information. The role and proportion of such undertakings have

increasingly grown in national production. While dealing with the relevant issues of value and price, is it necessary for us to reconsider some traditional topics? These topics include: pure commercial labor not creating value, nonmaterial labor not creating value, and so forth. With the extensive and profound development of the commodity economy, more and more market spheres have been opened up, such as the financial market, the real estate market, and others. There are initial signs for the establishment of such markets. How should we use the theory on the value of labor to correctly understand a series of relevant theoretical problems? How should we scientifically explain the difference between the value created by complex labor and that created by simple labor, especially the difference between mental labor and manual labor (the discussion should not be allowed to go into a "more" abstract concept. It should instead provide a method and theoretical basis for specific assessment and calculation)? We say that value is determined by the time spent on labor needed by society. This refers to the value of "products of the same category." However, in practical life, there are numerous varieties and sizes even in products of the same category. How should we complete the process of calculating their average value? Is there any difference between determining the value of products of the same quality, and determining the value of products of different quality? What is the relation between fixing prices according to quality and competition characterized by the reduction of price? The answers to these questions are inseparable from an in-depth exploration and discussion of the relations between the use of value and value.

There are still many similar problems. Although some useful discussions on these problems have been conducted in the economic field, generally speaking, no satisfactory results have yet been achieved. The settling of these problems is of profound significance to the practice of reform. For example, in recent years we have carried out the reform of the distribution system of revenue in the urban areas. The previous method of retaining profits and the present method of substituting taxes for delivery of profits are based on the previous standards of enterprises for retaining profits. By adopting these methods, we are unable to get rid of the defects of "spurring on the flying ox" and "each enterprise having its own standard." Therefore, correctly differentiating and assessing the role of different factors determining the value of products of enterprises, so that we can accurately regulate differential revenue in accordance with the theory of value, has become a key link for continuing to promote and improve the reform characterized by substituting taxes for delivery of profits.

The problems mentioned above generally fall into the following categories:

- 1) Problems which Marx examined when he studied capitalist commodity economy. However, owing to the fact that we did not regard the socialist economy as essentially a commodity economy, we even failed to touch upon these problems which Marx had mentioned theoretically. These include the problem production price and others.
- 2) Owing to the fact that Marx devoted his main efforts only to bringing to light the nature of capitalist economic relations and the prospects for their development, he did not study in detail some specific issues concerning value and the motion of the law of value, such as some concrete problems connected with the relation between the use of value and

value, the relation between supply and demand, and others. 3) Owing to the fact that it was impossible for Marx to predict everything that would happen in the future, new questions are posed for study with regard to the role and functions of the law of value, including new conditions brought about by the development of science, technology, and production. These new questions for study include: the rapid development of the service trade and other trades which provide know-how and information, socialist economic relations under special conditions, the way to give play to the role of production price under the condition that the flow of manpower and means of production among enterprises is not completely and freely determined by the enterprises themselves, and so forth. Due to the restrictions of various conditions, the flaws in certain specific Marxist views on the role and functions of the law of value were hard to avoid. For example, Marx maintained that the absolute land rent originated from the low organic make-up of the agricultural sectors, and that the price of agricultural products, set in accordance with their value, is higher than the production price. It seems that all these points are open to question.

In a word, to solve the above-mentioned problems, we should enrich, deepen, and develop our understanding of value and the law of value. Immense efforts should be exerted in order to accomplish this arduous and urgent task. The most important task for us to carry out is to integrate theory with practice and make an in-depth investigation and study of the practical conditions of the socialist economic construction and reform. Furthermore, we should carry out more study of the operation of the capitalist economic system, and of the economic theory of the West. We should draw on some useful things in a critical way. In addition, we should pay attention to improving our methodology, adopting and developing new methods and means for study. Our achievements made in this field are of profound significance, not only to the reform of our economic system, but also to bringing forth new ideas for, and developing, our political economy (the socialist part).

CSO: 4006/365

NATIONAL POLICY AND ISSUES

JINGJI RIBAO VIEWS STATE, ENTERPRISE RELATIONSHIP

HK041001 Beijing JINGJI RIBAO in Chinese 28 Jan 84 p 3

[Article by Feng Lanrui [7458 5695 3843]: "The Relationship Between the State and the Enterprise is Not One of Distribution According to Work"--first paragraph is JINGJI RIBAO introduction]

[Text] What this article will discuss is whether the relationship between the socialist state and the system of ownership by the whole people is after all one of distribution according to work. This is an important problem concerning the reform of the wage system. Given "The Decision of the CPC Central Committee on the Reform of the Economic Structure" reached at the 3d Plenary Session of the 12th CPC Central Committee I think that it is time for the clarification of this problem.

1. The Suggestion of "Distribution According to Work at Two Levels"

In the past few years, the viewpoint of "distribution to work at two levels" has made the rounds among some theory workers. This viewpoint was put forth by Comrade Jiang Yiwei in 1980. It held that distribution according to work "first allows a collective (enterprise) to take exactly all that this collective (enterprise) gives to society. An enterprise's contributions to society vary in size, and the gains from society should also vary. These gains are then again distributed in an enterprise..." ("A Tentative Discussion on the Principles of Overall Material Interals," [as published] RENMIN RIBAO, 14 July 1980) After the publication of this viewpoint, many people in theoretical circles wrote articles airing different views. Meanwhile, there were also some comrades who supported this viewpoint. The comrades of certain departments involved in the realities of life accepted the practice of "distribution according to work at two levels" as a good way of doing away with the situation in which enterprises share equally in the state's big rice pot. Some comrades even considered the question whether "distribution according to work at two levels" can serve as a direction for the reform of the wage system.

This was how Comrade Zhang Zerong put things in this article entitled "The Theoretical Basis for Distribution According to Work at Two Levels." He suggested that the state should first base the remuneration for an enterprise's collective labor on the amount of labor that an enterprise (collective) contributes to society and then let the enterprise distribute it to every worker. ("JINGJI TIZHIGAIGE [Economic System Reform]," No 2, 1984)

The suggestion of "distribution according to work at two levels" was at the very outset directed against egalitarianism, calling for differences in gains between enterprises. The suggestion is correct in this regard. The problem is that the author did not make a scientific analysis of the cause of egalitarianism existing between enterprises and thus find an effective solution. Instead, he simply quoted what Marx said in the "Critique of the Gotha Program" about the exchange of equal amounts of labor between individuals and society. This also means calling for the state's practice of distribution according to work. This later evolved into what is called "distribution according to work at two levels."

## 2. "Distribution According to Work at Two Levels" Is No Solution for Egalitarianism Between Enterprises

It cannot be denied that the greatest obstacle to the practice of distribution according to work at present is still egalitarianism. But it cannot be said in turn that overcoming egalitarianism in any given situation is only a matter of carrying out distribution according to work.

The features of egalitarianism find concentrated expression in its negation of differences and its call for equality. It negates differences in individual income arising from differences in individual contributions of labor and also refuses to accept differences between enterprises and between areas arising from different economic results and other factors. To overcome egalitarianism in all situations, we must make a clear analysis of the causes of egalitarianism in a given situation before we can find out a solution.

The main factors responsible for egalitarianism between enterprises are the theory of product economy and a highly concentrated financial and economic system that have for a long period of time inhibited our thought processes. The main manifestation of this kind of egalitarianism is negation of differences in enterprise gains arising from different enterprise economic results.

The theory of product economy negates the existence of commodity economy in socialism and naturally negates an enterprise as a relatively independent commodity producer and operator. To overcome egalitarianism between enterprises and smash this "big rice pot," the most important thing is to reform the financial system for unified receipts and expenditures and recognize the role of an enterprise as a commodity producer or operator. An enterprise is thus enabled to really become a relatively independent economic entity capable of operating on its own with responsibility for its own profits and losses and to acquire a capacity for self-reform and self-development and practice exchanges of equal value between enterprises. Competition must also be allowed, to encourage enterprises to improve economic results and let a number of people get rich first.

## 3. An Enterprise Is Not a Consumer Unit, and Enterprise Interests Do Not Represent "V" [Worker Wages]

Those comrades advocating distribution according to work at two levels hold that the state should subject enterprises to distribution according to work.

It seems that they have forgotten that distribution according to work represents a principle for the distribution of individual consumer goods. They have equated an enterprise with a consumer unit. This viewpoint is also incompatible with reality even given the previous system of unified receipts and expenditures. In the past, an enterprise was also a production unit. Since the start of the reform of the economic system, enterprises have further become economic entities. Their function is to engage in production and operation and not the organization of individual consumption. The funds (accumulated funds) that an enterprise possesses are mostly devoted to production and only used in a small part for consumption purposes (collective welfare and bonuses). In the past, under the "leftist" influence, "production comes first and life second," with no concern for workers' material interests. This is wrong. but we cannot follow another extreme holding that enterprise interests represent "V." True, an enterprise should increase workers' income and improve their life on the basis of improved labor productivity and economic results. But if an enterprise considers that its own interests represent "V" and do not call for improving labor productivity and economic results and if it thus does not strive to improve operation and management, strengthen economic accounting, and establish and improve the quota system... then this would impair the state's economic construction effort and hamper enterprise development, making things unfavorable to an increase in workers' income. If things are not handled well, there is not even a guarantee for "V" (worker wages). [As published]

#### 4. The Relationship of Distribution of Individual Consumer Goods Does Not Exist Between the State and Enterprises

It is not a matter of distribution according to work between the state and enterprises. Here no relationship of distribution of individual consumer goods exists. But by this, we do not mean that no kind of relationship of distribution exists here. There does exist a kind of relationship of distribution between the state and enterprises. It is the relationship of distribution of national income. To make things clear about this problem, we must also start with a discussion of the distribution of aggregate social products. According to the Marxist theory, aggregate social products are material things produced by social laborers in a given period (generally 1 year). Whether spiritual products are included is still a matter which remains to be studied. To help clarify the problem under study, we will still use here Marx's definition for aggregate social products.

To maintain reproduction, socialist society must compensate for labor already consumed. It must first deduct compensation from aggregate social products for previous labor consumed (the means of production). What remains is the new products turned out by workers in a given year, that is, newly created value--national income. National income in socialist society belongs to the whole body of laboring people. It is used to satisfy the material and cultural needs of the laboring people, expand reproduction, and establish necessary funds. National income is then again distributed according to the following procedures. First, we must compensate for the live labor consumed in the process of production. This represents the wages of the workers of the material production department. What remains is net social income, that is, surplus products "m" [as published] turned out in a given year. "M" must be distributed between the state and enterprises, a part forming the state's national income

and a part forming enterprise funds. What guides the distribution of national income and net social income is the fundamental socialist economic law and not the law of distribution according to work. In the past, the highly concentrated financial system called for including in the state budget all national income and even all that represents depreciation and then making allocations to enterprises from the higher to lower levels. This resulted in a false phenomenon. It seemed that all income for enterprises and workers had been given by the state. The amount given was decided upon (approved) by the state. This practice can completely leave objective laws out of consideration and allow total reliance on administrative orders.

Given the operation of objective economic laws, the portion of national income used to compensate for live labor consumed has been determined in the process of labor. The amount of labor contributed by a worker is matched with a proper amount of remuneration after deductions. What regulates a workers' income here is the law of distribution according to work. Given the operation of subjective economic laws, what an enterprise's net income accounts for in national income is also objectively determined. With planned commodity economy existing in socialism, the relationship between enterprises is one of exchange of equal values. So long as an enterprise can produce more products within the amount of work required by society, it can get appropriately more after taxation based on the same tax rate. It can be seen that what regulates an enterprise's income (accumulated funds) is the law of value.

The above study shows the following: 1) The wages of material goods production department workers represent the required products created by them. The amount of products is determined by the amount of live labor consumed in the process of labor. After the conclusion of a production process, the consumption of live labor should be compensated for. There is no need to put everything in the state's financial budget and let the state again hand over what should be paid to an enterprise, which in turn passes on what is due to workers. The wages for non-material goods production department workers are handed out under the state's financial budget and fall into the category of redistribution of national income. 2) What is distributed between the state and enterprises is net social income, that is, the surplus products of workers in a given year. Net social income is what remains after allowing for differentials in gains (that portion of products included in the state budget). Enterprises pay taxes to the state as stipulated. It is not that the state allot funds to enterprises. If any relationship of distribution exists here, it is the relationship of proportionately sharing surplus products between the state and enterprises. It is basically not what is called distribution according to work from the state to the enterprises.

##### 5. "Distribution According to Work at Two Levels" Is Not Compatible With the Spirit of the Reform of the Economic System and Cannot Serve as a Direction for Wage Restructuring

Comrade Zhang Zerong said that the first phase of distribution according to work at two levels calls for the state to determine the remuneration for an enterprise of a collective's labor on the basis of the amount of labor provided by an enterprise or an collective. This view cannot hold water in regard to either theory or practice.

As far as practice is concerned, given that it is basically impossible for the state to assess the total amount of wages for the existing 360,000-plus enterprises, one by one, the practice for the state to put all national income in the state budget and then redistribute it to enterprises and workers is being reformed after the introduction of the system of a switchover from profits to taxes. In the "CPC Central Committee's Decision on the Reform of the Economic Structure" reached at the 3d Plenary Session of the 12th CPC Central Committee, it is clearly pointed out: "Given the universal adoption of a switchover from profits to taxes and the universal establishment of enterprise economic responsibility systems in various forms the socialist principle of distribution according to work will be further implemented. A major step has been taken in this respect. It calls for enterprise workers' bonuses to be determined by the operating conditions of a given enterprise. The state only collects appropriate taxes for excess bonuses. Necessary measures will also be taken in the days ahead to link up enterprise workers' wages and bonuses with improved enterprise economic results." Given further enlarged decisionmaking power for enterprises and the dependence of workers wages and bonuses on the operating results of enterprises, is it obviously too conservative if the amount of each enterprise worker's wages and bonuses must still be determined by the state?

CSO: 4006/350



NATIONAL POLICY AND ISSUES

RENMIN RIBAO ON COMMODITY ECONOMY, SOCIALIST SYSTEM

HK010939 Beijing RENMIN RIBAO in Chinese 25 Jan 85 p 5

[Article by Wang Jue (3769 3778 and Wu Zhenkun (0702 2182 0981): "The Commodity Economy and the Socialist System"]

[Text] The relationship between the commodity economy and the socialist system is an important question which has a bearing on the overall situation in socialist construction. On this question, some traditional concepts incongruous with socialist reality always confine people's thinking. On one hand, people regard the commodity economy as something alien to the socialist system, and try hard to reject it and even abolish it. On the other hand, people regard the commodity economy as a remnant of the old society which have to be kept during a certain period of socialism, and tend to restrict it in many ways. According to these viewpoints, practicing a planned economy, developing a commodity economy, and applying the law of value are mutually exclusive. Some comrades even hold that under the socialist system only commodity production and commodity exchange exist, and do not recognize that a socialist economy is a commodity economy and thereby do not agree to apply the concept of a commodity economy. Looking at the surface of things, this is only a difference in wording. But if we link up this difference in wording with the economic reality of socialism and the guiding ideology in economic work, then this becomes a difference in meaning. As a matter of fact, according to the above-mentioned wording, commodity production is regarded as a temporary and partial phenomenon in the socialist economy. If people regard this as the guiding ideology in economic work, they will tend to commit "leftist" errors in dealing with commodity production. Only on the premise that we resolutely recognize that the socialist economy is a commodity economy can we truly approach the development of the commodity economy from the high plane of the overall situation in socialist construction, with the result that our subjective understanding will be in line with objective reality so as to exercise correct guidance over economic practice. The decision of the Central Committee of the Communist Party of China on reform of the economic structure confirms that the socialist economy is a commodity economy, which marks the new development of our party's understanding of the socialist economy and is an important breakthrough in socialist economic theory.

That the socialist economy is a commodity economy is primarily decided by the characteristic of the integration pattern of socialist laborers and the means of production. And this characteristic is that laborers use their labor as a

means of life to integrate with publicly-owned means of production. Since labor is still a means of life, then labor should be paid. And this remuneration from labor constitutes the material interests of individual laborers. This material interest of laborers not only manifest among individual laborers but also among enterprises under the system of ownership by the whole people. This is because each enterprise consists of a certain number of laborers and is a big or small collective of laborers. As a result labor consumption of enterprises in production and operation are varied and differences in quality exist among them, the material interests of enterprises--the collectives of laborers--cannot be directly measured and realized with time of labor and have to be measured and realized by adopting a circuitous form, namely, the form of value. Thus, products produced by enterprises have to adopt the commodity form of value. Therefore, every enterprise has to treat each other with the status of a commodity producer.

The above analysis demonstrates that the commodity economy is not something alien to the socialist system nor a remnant of the old society which has to be kept during a certain period of socialism, but instead it is decided by internal factors in the socialist economy. Therefore, it is not a temporary and partial phenomenon in the socialist economy but a universal and permanent economic formation. Precisely because of this, the socialist economy is nothing but a commodity economy. Moreover, because of this the causes for the existence of the commodity economy within socialist ownership by the whole people will not vanish midway through socialist development, the commodity economy will inevitably coexist with socialism all along.

Meanwhile, socialism must practice a planned economy. Socialist production is socialized mass production and the relationship of interconnection and mutual dependence among every region and every department is very close, which objectively requires that the main social economic activities should be carried out under planning and guidance. At the same time, due to the establishment of the socialist public ownership of the means of production, the fundamental interests of the society, enterprises, and individuals are identical, and generally speaking, the planned development of the national economy has become objectively inevitable and possible in reality. That the socialist economy develops under planning and in proportion reflects the inherent objective necessity of the development process of the socialist economy.

Thus, in light of the unity of public ownership and the identity of fundamental interests of the people, the socialist economy should inevitably be a planned economy; and in light of the difference in the unity and the contradictory in the identity, the socialist economy should inevitably be a commodity economy. Therefore, the socialist economy possesses both the commodity characteristic and the planning characteristics; or in other words, it is both a commodity economy and a planned economy. However, they are not two coexisting processes, nor are they two coexisting economic formations, but are instead one unifying interrelated process and one organically unified whole. In its new summary that the socialist planned economy is a planned commodity economy based on public ownership, the decision of the Central Committee of the CPC on reform of the economic structure unified the commodity characteristic and planning characteristic of the socialist economy. This new summary demonstrates that the

regularity governing the quality of the socialist economy is an overall and scientific expression of the attributes of the socialist economy, thereby enabling us to acquire a new understanding of the socialist economy.

Since it is confirmed that the socialist economy is a planned commodity economy, it is necessary to actively develop the socialist commodity economy. The decision of the Central Committee of the CPC on reform of the economic structure points out that, "The full development of a commodity economy is an indispensable stage in the economic growth of society and a prerequisite for our economic modernization." Because of various reasons, a country or a nation can bypass a particular development stage of human society; however, all countries and all nations cannot bypass the development stage of the commodity economy. In particular, as far as such a socialist country whose economy is backward and whose commodity economy is very underdeveloped as ours is concerned, developing the commodity economy is particularly important.

Developing the socialist commodity economy will promote the development of the division of labor in society and the development of specialization and coordination in production and will enhance the degree of production socialization, labor productivity, and economic results. It will spur every region and every enterprise to break free from the state of seeking to be "big and complete" and "small but complete," restricting activities to designated areas, establishing individual setups and economic structures becoming ossified and will enable every region and every enterprise, under state planning and guidance and in accordance with individual conditions, to fully utilize strong-points and avoid the use of weak-points, display individual economic advantages, actively promote horizontal economic connections, and push forward the economic development of the whole society. It will promote material exchange between urban and rural areas, contribute to the flourishing of urban and rural markets, better integrate economically urban areas with rural areas and whole people-owned industry with collective-owned agriculture. It will promote the rational exchange of capital, equipment, technology and talented, people develop various types of economic and technological cooperation, and promote the rationalization of the economic structure and regional distribution. It will be advantageous to extensively open up channels, developing the range and quality of production, expanding the employment opportunities in society, and fully utilizing the abundant labor resources in our country. Therefore, in the stage of socialism, developing the commodity economy is the concrete form of developing social productive forces. And developing the commodity economy means developing social productive forces, so as to produce more and more social products to better meet the growing needs of the people.

The new summary that the socialist economy is a planned commodity economy provides an important theoretical basis for the economic structural reform in our country. We must establish an economic structure which is capable of rigorously spurring the development of the commodity economy and center on the development of the socialist commodity economy to adjust our relations of production.

First of all, we must entrust to enterprises the necessary decisionmaking powers to enable them to have sufficient vitality. The decision of the Central Committee of the CPC on reform of the economic structure points out that, "Socialism

with Chinese characteristics should, first and foremost, be able to instill vitality into the enterprises." Under the conditions of the socialist commodity economy, enterprises are relatively independent commodity producers; and the key to the vitality of the whole socialist economy and the full development of the socialist commodity economy lies in whether or not enterprises have vitality and the initiative to develop commodity production. Therefore, we must thoroughly change the previous state of affairs whereby the duties of the government and enterprises were indistinguishable and the economic interests of enterprises were ignored. We must establish the status of enterprises as relatively independent economic entities with corresponding responsibilities, powers, and interests. We must guarantee the necessary external conditions for enterprises to engage in normal productive and operational activities and actively spur competition among enterprises to enable laborers of enterprises to truly bring into play their initiative and creativity, so as to ensure the full development of the socialist commodity economy.

Second, we must establish a planning structure in which the law of value will be consciously applied. In drawing up plans we must act according to the law of value and plans must be built on the basis of the law of value. In other words, in drawing up and enforcing plans, we must consider commodity value, labor productivity, and the supply and demand situation of the market and stipulate reasonable prices, tax rates, and so on. Generally speaking, it is only possible to make our plans sketchy and flexible, and we should adhere to carrying out regulation by the planning mechanism and regulation by the market mechanism, gradually reduce the scope of mandatory planning and suitably expand the scope of guidance planning. On the other hand, we need a sound market mechanism as the premise for realizing the reform of the planning structure. We should actively create the conditions for this premise, and the key lies in establishing a rational price system and flexible price regulation mechanism. Only in this way can we effectively apply the law of value. One of the important characteristics of the commodity economy is that production and reproduction of the whole society are realized through unceasingly carrying out circulation. In our planning, we should avoid as much as possible the mistakes of obstructing normal circulation and cutting off the inner links of the market, so as to provide the necessary guarantee for the normal operation of the commodity economy.

Third, socialist distribution according to work must be realized through the commodity economy. Under socialist conditions, the partial combined labor of enterprises cannot be directly equated to whole combined labor and the labor of laborers cannot be directly applied as the basis for them to participate in distribution. It must go through the transformation from labor to product and from product to commodity, and through commodity exchange to realized value, namely, to be transformed into social labor, and only thus can laborers participate in distribution. The measure of judging the labor of laborers must be the value determined by necessary social labor, and the deserved income of laborers is determined through the test of the market and according to the degree in which laborers' labor meets social needs, in other words, according to the realized magnitude of value. In brief, we need to go through such medium links as the market, commodity production, and commodity exchange and rely on value as the standard measure to realize the judgment and comparison of society regarding the labor of laborers and the carrying out of the principle of distribution according to work. The inherent mechanism of rewarding the good and

punishing the bad possessed by the commodity economy and the law of value are incompatible with egalitarianism. Therefore, only by integrating commodity production with commodity exchange can we better give expression to the principle of distribution according to work, bring into play the positive role of the principle of distribution according to work to regulate the internal relations of the socialist economy and promote the development of productive forces, truly encourage the advanced and spur on the less advanced, and promote the faster development of socialist production and the unceasing improvement of the people's living standards.

After the establishment of the socialist system, our fundamental task should be the development of social productive forces. The socialist economy is a commodity economy; therefore the abovementioned fundamental task is concretely manifested in the demand of actively developing the commodity economy. And whether the socialist commodity economy can be fully developed has also become a question of fundamental importance concerning the advance of the socialist construction cause. We should reach a common understanding on the basis of the decision of the Central Committee of the CPC on reform of the economic structure to actively push forward the overall reform of the economic structure with the focus on the urban economy, to fully develop the socialist commodity economy, and to strive to construct socialism with Chinese characteristics.

CSO: 4006/350

NATIONAL POLICY AND ISSUES

ENTERPRISE VITALITY, BALANCE RELATIONSHIP STRESSED

HK300306 Beijing RENMIN RIBAO in Chinese 18 Jan 85 p 5

[Article by Wang Zhou [3769 3820]; "How To Coordinate the Relationship Between Enterprise Vitality and Macroscopic Balance"]

[Text] A very important aspect of the reform of the urban economic structure is coordinating the relationship between invigorating enterprises and maintaining the balance of the national economy. This should be done in order to avoid upsetting the balance of the national economy as a result of invigorating enterprises and to avoid stifling enterprises as a result of maintaining the balance of the national economy.

In order to invigorate enterprises, it is absolutely necessary to genuinely turn enterprises into commodity producers with the power to operate independently and with sole responsibility for profits or losses, as well as to give them power to independently arrange their own activities such as supply, production, and marketing. However, the rigid pattern formed over the years has failed to coordinate the relationship between enterprise vitality and macroscopic balance. The macroscopic control system established according to this economic pattern is aimed at controlling the balance of the material aspect of the national economy. It chiefly relies on administrative means to control the supply, production, and marketing activities of enterprises. Exercise of such macroscopic control will inevitably result in the supply, production, and marketing activities of enterprises being kept under tight reins, the independent operation of enterprises being rejected, and the vitality of enterprises being stifled.

In order to coordinate the relationship between vitality and balance, it is necessary to reform the system of using administrative means to exercise macroscopic control and to institute a system of using economic means to exercise macroscopic control. In establishing this new macroscopic control system, we should study and satisfactorily solve the following problems:

1. We should change the practice of stressing the material balance into one of stressing the balance in value and change the practice of chiefly using administrative means for control into one of chiefly using economic means. By stressing the balance in value we refer to maintaining the balance between the production and distribution quotas in the national income. To this end we must

adopt two very important measures: One is to eliminate the practice of sham income and genuine expenses in financial matters, and another is to match the scope of capital construction investment to the financial strength of the state and to adhere to the genuine balance between finance, credit, and foreign exchange. The two measures are aimed at maintaining the balance between overall market demands for, and supplies of, the means of production in terms of value, and gradually making demands slightly less than supply in order to generate a proper market for the means of production.

The macroscopic control system established on a rigid basis fails to effectively keep investment demands under control. Hence, the widespread emergency of "investment hunger," which leads to the supplies of major products falling short of demand. In order to solve the problem of swelling investment demands, the principle task of macroscopic control is to adjust social demands and to maintain the balance between overall demands and supplies in terms of value. Whether it is really possible to keep this balance will depend on two reforms: 1) Resolutely change the practice of granting financial allocations into one of granting bank loans to enable investors to foster the idea of economic results, to assume economic responsibilities, and to rectify the defects of scrambling over investment; 2) resolutely maintain a balance between revenue and expenditure in terms of finance, credits, and foreign exchange. This should be a genuine balance, and flaws should be avoided.

We should give priority to maintaining the balance in value and, at the same time, maintain the material balance. However, in maintaining the material balance, we should carry out three reforms: 1) In line with the law governing commodity production and reproduction, change the practice of controlling the supply, production, and marketing activities of the existing enterprises into one of strictly controlling newly added production capacity and investment in accordance with the requirements of balancing the national economy. This is aimed at controlling the newly added production capacity of goods in short supply, readjusting and controlling the proportions of various industrial departments and the composition of major commodities according to the supply and demand for commodities, and ensuring the balance between the supply of and demand for commodities. 2) Make full use of the role of the law of value and bring into play the might of economic leverage in order to equalize the profits of various production enterprises in different departments, reform the pricing system according to this principle, encourage and absorb various investments aimed at expanding the production capacity of goods in short supply by means of economic benefit; and control the production of goods in excess supply. It is more effective to apply economic means in exercising macroscopic control than to exclusively use administrative means. 3) Allow state-run enterprises to use their own funds, social funds, or credit funds to run enterprises in other trades and regions. Provided the pricing system is rational, the goods in short supply will certainly become popular items for investment. This is an effective means for solving the question of the supply of major products falling short of demand.

3. Gradually reduce the scope of the distribution plan for products under mandatory planning. In terms of their development, the means of both production and subsistence are commodities. We should consider both to be part of commodity circulation, and should replace product distribution (referring to the

distribution plan for products under mandatory planning) with commodity circulation. At the same time, we should correspondingly and gradually reduce the scope of the production plan for products under mandatory planning. The state must give enterprises the decisionmaking power to arrange their supply, production, and marketing. This is especially true for the state-run large key enterprises. In this way we can invigorate enterprises and implement a system under which the socialist enterprises operate independently and assume sole responsibility for profits or losses. However, in reducing the scope of the production plan for products under mandatory planning, it is necessary to simultaneously reduce the scope of the distribution plan for products under mandatory planning and to create the proper climate for this production plan. This climate refers to the balance of supply and demand for major commodities. When the supply of a certain product balances the demand for it, the mandatory production and distribution plans for that product can be abolished and moved into the scope of guidance production planning.

In the future, with the exception of a very small number of products of vital importance to the national economy and the people's livelihood, which, because of material shortage or import difficulty, cannot maintain a balance between supply and demand, all other products will be produced by the majority of enterprises (including the state-run large and medium-sized enterprises) which will carry out supply, production, and marketing activities in a lively way. They may independently arrange these activities and assume sole responsibility for profits or losses. In this way, we can unify the relationship between invigorating enterprises with maintaining the balance in the national economy.

CSO: 4006/350



NATIONAL POLICY AND ISSUES

CHONGQING RIBAO EXPLAINS LEARNING FROM ABROAD

HK250420 Chongqing CHONGQING RIBAO in Chinese 9 Jan 85 p 2

[Text] Some people think that carrying out the reform of the economic structure is "nothing more than learning from capitalism," and even say: "The more the reforms are carried out, the more capitalistic will the economic structure become, and the economic structure will finally be changed into a capitalist one with a socialist cover," This is a misunderstanding of the reform.

How do they misunderstand? After, they equate reforming the structure with changing the system. We all know that the basic contradictions in socialist society are still the contradiction between the relations of production and productive forces and the contradiction between superstructure and economic basis. As far as the social system is concerned, socialism is without doubt suitable for the development of productive forces, but the fact that the general system is suitable does not mean that all the concrete links and structures are suitable; in the relations of production and superstructure, there are still some links and aspects which are not suitable for the development of productive forces and should be reformed. This is not at all strange. The purpose of our reform is not to change the basis of public ownership which is the decisive factor of the socialist nature, nor to change the form of distribution according to work, nor to change the comradely relations of mutual aid and cooperation among the people. Our reform is just as the "decision" says "To reform all the links and aspects which are related in the relations of production and superstructure which are not suitable for the development of the productive forces." Here, they are as different as the waters of the Jinghe and the Weihe. Only when it has fundamentally changed the social system can reform be referred to as self-negation of socialism; the reform of the economic structure which is being currently carried out is absolutely not this kind of self-negation, but is precisely the "self-perfection and self-development of the socialist system."

Secondly, they have obscured the demarcation line between "opening the country to the outside world" and "copying everything from capitalism." Without doubt, the policy of "opening the country to the outside world" is one of the contents of the reform. "closing the country to the outside world" will never bring about the four modernizations. In order to build the four modernizations, we should conduct external economic and technological intercourse and cooperation, which will naturally include importing foreign investment and learning from

the West. But our "opening the country to the outside world" is based on maintaining independence and keeping the initiative in our own hands as well as self-reliance, which is, in essence, quite different from "worshipping and having blind faith in foreign things" which humiliates the nation and forfeits its sovereignty; our learning from the advanced Western capitalist countries is only to learn from their advanced science and technology and their advanced management and administrative methods, not their decadent and moribund ideology, let alone copying indiscriminately their social system. Thus, that "reform means copying everything from capitalism" and "will affect the socialist nature" are certainly out of the question.

Ji Xialoan, a man of the Qing Dynasty once said: "Most of the people in the world only know one side of things, but do not know the other side of things, so they only judge things by their one-sided understanding of them!" On the question of how to look at the reform, we cannot just "only know one side of things, and not know the other side of things and judge things by our one-sided understanding of them." We cannot think that it means changing socialism as soon as we hear "reform," nor can we think that it means learning from capitalism as soon as we start to talk about "learning from" foreign countries. Reform does not have any inevitable links with capitalism, neither does it inevitably oppose socialism. We should firmly believe that the reform of the economic structure which is being currently carried out will not only harm socialism, but will help in adhering to socialism more effectively.

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PROVINCIAL AFFAIRS

HUANG HUANG, OTHERS ATTEND ANHUI FORUM

OWO31946 Hefei Anhui Provincial Service in Mandarin 1100 GMT 2 Feb 85

[Excerpts] The Organization Department of the provincial CPC Committee held a forum from 28 January to 1 February in Hefei to discuss Anhui's work of streamlining leading bodies of enterprises. The purpose of this forum was to further implement the guidelines set by the national forum on such work, sum up the experience thus far gained in adjusting the leading bodies of enterprises in the province, and study how to speed up the pace in making the leading body members more revolutionary, younger in average age, better educated, and professionally more competent so as to cope with the new situation of economic structural reform and to make big strides in developing Anhui's economy.

During the forum, leading comrades of the provincial CPC Committee, including Secretary Huang Huang and Deputy Secretary Shi Junjie, received all representatives attending the forum.

At the forum, Liu Guangcai, member of the Standing Committee and head of the Organization Department of the provincial CPC Committee, delivered a report entitled "Copy With the Situation of Reform and Accelerate the Construction Work of Enterprises' Leading Bodies in Our Province." The report stated arrangements to be made to speed up the construction of leading bodies of enterprises in our province by complying with the requirements set by the provincial CPC Committee.

The report also pointed out: Party committees at all levels should comply with the provincial CPC Committee's instructions and do a good job in readjusting the leading bodies of various enterprises while carrying out party rectification. Organization and personnel departments, the Economic Commission, and the departments in charge of enterprises should organize task forces to conduct in-depth inspection at the grassroots level so as to become acquainted with the situation there and to readjust the leading bodies of the enterprises. It is imperative to complete the work of readjusting the leading bodies of all large and medium-sized backbone enterprises before the end of May this year, while readjustments of the leading bodies of all medium-sized key enterprises and all other enterprises listed in the budget must be completed before the end of June and September, respectively.

Based on the demands set by the central authorities and the actual situation in the province and according to the different sizes of enterprises, the forum proposed concrete requirements and criteria for readjusting the leading bodies of enterprises in our province. These requirements and criteria covered many aspects, such as the leading body members' education, age, and political quality as well as the overall level of intelligence and ability of the leading bodies. It was stressed that competent persons aged 40 or so, especially those cadres capable of doing pioneering work, should be selected to fill main leading posts in enterprises.

At the forum, representatives from Hefei, Bengbu, and Anqing Cities, the Maansha Iron and Steel Company, and 10 other units stated their experiences and gains in making the leading bodies of enterprises more revolutionary, younger in average age, better educated, and professionally more competent, and in reforming the enterprise leadership structure.

After discussions, the representatives achieved unity in thinking and raised their awareness of the importance of streamlining the leading bodies of enterprises. They were thus mentally prepared for doing this work, which is an organizational guarantee for accelerating the reform of the enterprise leadership structure and for further enlivening enterprise operations.

CSO: 4006/350

PROVINCIAL AFFAIRS

JIANGSU'S HAN PEIXIN MEETS NINGXIA DELEGATION

OWO52206 Nanjing XINHUA RIBAO in Chinese 28 Jan 85 p 1

[Text] The Ningxia economic and technological cooperation delegation led by Comrade Hei Boli, chairman of the Ningxia Hui Autonomous Regional People's Government, arrived in Jiangsu on 23 January for an inspection and visit. The delegation includes responsible comrades of the regional Economic, Public Health, and Education Departments and relevant cities.

The delegation arrived in Nanjing on the afternoon of 26 January after a visit to Changzhou City. It was welcomed in Nanjing by Vice Governor Ling Qihong. Chairman Hei Boli, accompanied by other comrades of the delegation, and Vice Governor Ling Qihong, accompanied by responsible comrades of the relevant provincial commissions, offices, departments, and bureaus, reported to each other their respective economic situations.

Hei Peixin, secretary of the Jiangsu Provincial CPC Committee; Shen Daren, deputy secretary; Chen Huanyou, members of the Standing Committee of the provincial CPC Committee and vice governor; Jin Xun, Ling Qihong, and Yang Yongyi, vice governors; Wang Zhaoquan, vice chairman of the provincial CPPCC Committee; and Zhang Yaohua, Nanjing mayor, paid a visit to the delegation on the evening of 27 January. [Paragraph as received]

The delegation will continue its inspection and visit in our province and will hold talks on economic and technological cooperation.

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PROVINCIAL AFFAIRS

JIANGSU MEETING DISCUSSES ECONOMIC WORK

OWO61213 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 4 Feb 85

[Text] The Jiangsu Provincial Government held a staff meeting in late January. The meeting enumerated the five points for this year's economic work, which run as follows:

1. Grasp the implementation of the CPC Central Committee's decision on reform in the economic structure, and achieve results in invigorating enterprises. Currently, it is necessary to grasp the second stage of taxation replacing profit delivery. In addition, it is necessary to adopt the plant director responsibility system among state enterprises, and further build, and strengthen, the administrative and management system inside enterprises. It is also necessary to disseminate Hai'an County's experience throughout the province, just as we have disseminated the experience of (Jianqiao) Township in Wuxi County.
2. Grasp the implementation of the documents of the national rural work meeting, and achieve results in loosening control over prices and enlivening the economy. It is necessary to readjust the inner structure of planting to raise the proportion of the output value of industrial crops from 30 to 33 percent. It is necessary to readjust the inner structure of agricultural production to raise the proportion of the output value of forestry, animal husbandry, sideline production, and fishery in total agricultural output value from 18 to 20 percent. It is necessary to readjust the structure of rural industry, and raise the proportion of incomes from industry, commerce, the building industry, transport, and service trades, so that agriculture itself can develop in a more coordinated way. It is necessary to study the new situation and questions after loosening control of the price of farm products.
3. Grasp the implementation of the principle of importing foreign technology and maintaining ties with other units in the country, and achieve results in integrating the domestic economy with the international market. In the past, we developed agriculture, industry, and trade, we processed whatever we planted and exported whatever we processed. Now, we turn the other way round. We develop trade, industry, and agriculture. We shall process and produce whatever the international market needs. The principle of our economic development is to develop a type of economy geared to the needs of the

international market. To systematically develop this, we must begin to grasp several key measures: Speeding up the import of technology, reforming the monetary and trade structure, and strengthening management work.

4. Grasp the implementation of the intellectual development plan, and achieve results in using, and training, able men.

5. Grasp the implementation of measures to increase economic results, and achieve results in raising standards.

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PROVINCIAL AFFAIRS

NINGXIA, JIANGSU OFFICIALS REACH AGREEMENT

OW011841 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 31 Jan 85

[Excerpts] After several days' discussion, the Economic and Technical Cooperation Delegation from Ningxia Hui Autonomous Region has reached agreement on cooperation with the concerned departments of Jiangsu Province on 60 projects. The forms of cooperation include technical cooperation, joint ventures, and compensatory trade. Among the cooperation projects are development of Ningxia's aluminium, iron, and chemical industries. Jiangsu Province will provide Ningxia with technology, equipment, and funds for development while Ningxia will provide Jiangsu with relevant products in the form of compensatory trade.

Comrade (Deng Xichen), representative of the Ningxia Hui Autonomous Regional Government, and Comrade (Si Shaoxiang), representative of the Jiangsu Provincial People's Government, signed an agreement on behalf of the provincial and regional governments in Nanjing this afternoon. Hei Boli, chairman of the Ningxia Hui Autonomous Regional People's Government, and Vice Governors of Jiangsu Province Chen Huanyou and Lin Qihong attended today's signing ceremony.

The Ningxia Economic and Technical Cooperation Delegation held a reception in Nanjing 29 January. The responsible persons of the Jiangsu Provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial Military District, the concerned provincial departments and Nanjing City Han Peixin, Shen Daren, Sun Han, Liu Lin, Chu Jiang, (Yue Dewang), Jin Xun, Chen Huanyou, Ling Qihong, Yang Yongyi, Wang Zhaoquan, and Zhang Yaohua attended the reception. Comrades Hei Boli and Chen Huanyou respectively spoke at the reception. The literary and art workers of Jiangsu and Ningxia staged brilliant literary and art performances.

CSO: 4006/350



PROVINCIAL AFFAIRS

JIANGXI'S ZHAO ZENGYI ON DOUBLING OUTPUT IN 1985

OW310835 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 30 Jan 85

[Excerpts] At the provincial work meeting on village and town enterprises held by the Provincial People's Government from 25 to 29 January, Governor Zhao Zengyi emphatically pointed out that efforts will be made this year to double our province's total industrial and agricultural output value. Leading cadres at all levels should ideologically have village and town enterprises uppermost in their minds.

The meeting pointed out that the possibility of doubling our province's total industrial and agricultural output value ahead of schedule lies with the village and town industries. We must strive to double the 1984 total output value of our village and town industries and turn 10 percent of our peasant households into specialized processing households this year.

Zhang Fengyu, secretary general of the Provincial People's Government, made a work report, pointing out the policies, tasks, objectives, and central development projects of our village and town enterprises this year.

Representatives of prefectures, cities, and counties to the meeting had animated discussions on the central subject of doubling the output value.

Representatives of the concerned departments, committees, and bureaus directly under the provincial authority talked about their concrete plans to support the development of village and town industries on the basis of their respective practical conditions.

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PROVINCIAL AFFAIRS

JIANGSU, JIANGXI OFFICIALS VISIT, SIGN AGREEMENT

OW011935 Nanjing XINHUA RIBAO in Chinese 20 Jan 85 p 1

[Excerpts] A Jiangsu provincial study group led by Governor Gu Xiulian visited Jiangxi from 12 to 18 January.

During the visit, First Secretary of the Jiangxi Provincial Party Committee Bai Dongcai, Governor Zhao Zengyi, and other responsible comrades of Jiangxi provincial departments concerned briefed the Jiangsu study group on Jiangxi's measures and experience in opening to the outside world and enlivening the domestic economy. Comrades of the Jiangsu study group successively visited 12 factories and enterprises in Jingdezhen, Yingtan, Nanchang, and Jiujiang, where the Jiangsu comrades were greatly enlightened by Jiangxi's experience.

In accordance with the opinion of central responsible comrades, Jiangsu and Jiangxi decided to unfold activities to learn from each other at the beginning of last year. Under the leadership of the two provincial party committees and through the joint efforts by party committees and through the joint efforts by party committees and governments at various levels over the past year, gratifying achievements have been made in learning from each other and conducting economic and technical cooperation. According to incomplete statistics, the two provinces have signed agreements on 102 economic and technical cooperation projects. Some of these projects have already yielded initial results.

In order to bring into further play each province's advantages, learn from the other's strong points to offset one's weakness, and conduct more extensive economic and technical cooperation and exchanges to speed up the process of the four modernizations in the two provinces, Governor Gu Xiulian and Governor Zhao Zengyi signed a "summary of minutes concerning further unfolding economic and technical cooperation between Jiangsu and Jiangxi" on the afternoon of 16 January. According to the summary, the two provinces will carry out more specific and effective activities on learning from each other in a systematic and guided manner with special emphasis on organizing study tours and learning from counterparts of the other province. Under the state's unified planning and guidance and in accordance with the principles of "making the best possible use of favorable conditions and avoiding the unfavorable, conducting cooperation in various forms, benefitting each other, and achieving progress together." The two provinces will conduct economic and technical

cooperation at various levels, through various channels, in various forms, and on the basis of needs and possibilities. The two provinces will conduct technical exchanges and production cooperation mainly in food industry, bamboo and lumber production and processing, ferrous and nonferrous metallurgy, mining and processing of nonmetallic ores, electronics and electric household appliances, chemical industry, and tourism. Aside from regularly exchanging information, foreign trade departments of the two provinces also plan to support each other in organizing the supply of goods and transporting export and import commodities. The Jiangsu side has expressed the willingness to facilitate the Jiangxi side's request to use Zhangjiagang and other coastal ports to transport Jiangxi's export goods.

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PROVINCIAL AFFAIRS

JINAN-SHANGHAI ECONOMIC COOPERATION STRENGTHENED

SK050411 Jinan Shandong Provincial Service in Mandarin 2300 GMT 4 Feb 85

[Text] A meeting between Jinan and Shanghai to discuss economic and technical cooperations successfully concluded. The two sides signed 75 economic and technical agreements and letters of intention.

On the evening of 4 February, the Jinan City CPC Committee and Government held a reception in honor of the Shanghai guests who had come to attend the meeting. Leading comrades of the provincial CPC Committee and Government and Jinan City attended the reception. They included Su Yiran, Liang Buting, Lu Maozeng, Li Changan, Jiang Chunyun, (Zhai Yongbo), and He Zonggui. Su Yiran, secretary of the provincial CPC Committee, spoke at the reception.

The meeting opened in Jinan on 2 February. In the past few days, on the principle of earnest cooperation, mutual benefit, and learning from others' strong points to offset one's weaknesses, the two sides held discussions on economic and technical cooperations suited to each other's needs. More than 140 cooperation projects were discussed, and agreements and letters of intention on 75 projects were signed. The main content of the cooperation is that Shanghai will supply Jinan with advanced technology and equipment and train technical personnel for them, and that Jinan will offer preferential treatment to Shanghai in the fields of industrial raw material, building material, and local and native product supplies.

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PROVINCIAL AFFAIRS

JIANGSU FULFILLS SIXTH 5-YEAR PLAN TARGETS

OWO20422 Nanjing XINHUA RIBAO in Chinese 22 Jan 85 p 1

[Text] Statistics compiled by the Jiangsu Provincial Statistics Bureau show that as of the end of 1984, Jaingsu has fulfilled, ahead of schedule, the main targets set by the Sixth 5-Year Plan such as the national income, the total value of industrial and agricultural output, the fixed assets investment, revenues, and the average income of workers and peasants.

The national income for 1983 reached 37.936 billion yuan. The national income for 1984 is estimated to be 42.5 billion yuan. The average yearly rate of growth from 1981 to 1984 is 11.7 percent, fulfilling, 2 years ahead of schedule, the target of increasing the national income to 36.9 billion yuan by 1985 and of registering an average rate of growth of 6.8 percent per year in a period of 5 years.

The total industrial and agricultural output value for 1984 reached 97.3 billion yuan with an average rate of growth of 11.8 percent each year. This figure has been doubled in 6 years, placing Jiangsu on the top of the nation for 4 years in succession.

From 1981 to 1984, the grand total amount of fixed assets investment in units owned by the whole country throughout the country is 15.352 billion yuan, marking an increase of 15.6 percent as compared with the planned figure of 13.279 billion yuan for the 5 years.

The retail sales volume for 1984 is 23.28 billion yuan, which shows an increase of 55.6 percent over that in 1980 and an average increase of 11.8 percent per year. The amount of grain, cotton, oil-bearing corps, and tobacco procured by the state has already exceeded the 1985 level set by the plan.

The actual revenue for 1984 is 7.488 billion yuan, marking an increase of 26 percent as compared with that in 1980. This figure shows an average yearly increase of 6 percent, overfulfilling the planned figure of 7.6 billion yuan for 1985 by 3.6 percent.

The average income of peasants in 1984 is estimated to be approximately 400 yuan, marking an increase of 83 percent as compared with that in 1980. This figure shows an average yearly increase of 16.4 percent, overfulfilling the

planned figure of 350 yuan for 1985 by 16.3 percent. This figure also indicates that the province has fulfilled this target 2 years ahead of schedule. Due to increased employment, workers' pay increases and increases in bonuses and allowances, workers' income is also on the rise. The total amount of wages paid to staff members and workers for 1984 is estimated to be 5.993 billion yuan, marking an increase of 44 percent as compared with that in 1980 with an average yearly increase of 9.5 percent. The average wage of a worker for 1984 is estimated to be 830 yuan, marking an increase of 25.4 percent as compared with that in 1980. This shows an average yearly increase of 5.8 percent, fulfilling, 1 year ahead of schedule, the target set by the plan on the total amount of wages and the average wage.

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PROVINCIAL AFFAIRS

NINGXIA HOLDS MEETING OF CADRES IN CHARGE OF ECONOMIC WORK

HK310204 Yichuan NINGXIA RIBAO in Chinese 17 Jan 85 p 1

[Report: "Regional CPC Committee Convenes Meeting of Cadres in Charge of Economic Work"]

[Text] On 14 January, the regional CPC Committee held a meeting of leading cadres at or above the deputy head of department or bureau level who are in charge of the economic work in regional departments. Li Xuezhi, secretary of the regional CPC Committee, made a mobilization speech on the question of "every leading cadre should be in charge of one enterprise and take part in its reform so as to help make a success of reform." The comrades from the regional CPC Committee, the regional people's government, the regional CPC Advisory Commission and from departments concerned in the region attended the meeting.

According to the spirit of an announcement calling on the leading cadres to "personally lead or care about reform work in one enterprise each and take part in the whole process of reform so as to gain direct experience," which was jointly issued by the General Office of the CPC Central Committee and the General Office of the State Council last November, the regional CPC Committee decided at the meeting which units will be contacted by the leading cadres and the topics on which the leading cadres will carry out their respective investigation and research.

After recalling the outstanding achievements gained in the economic field throughout the region last year, Comrade Li Xuezhi said in his speech that this year will be the crucial one for reform of the urban economic structure throughout the region, and therefore the leading cadres should personally be in charge of the reform and gain direct experience so as to push ahead with reform in the whole region and achieve practical results. He hoped that the leading cadres who will personally be in charge of the enterprises to realize the following points:

1. The leading cadres should continue to conscientiously study and implement "the CPC Central Committee Decision on Reform of the Economic Structure," further emancipate their minds, and smash old concepts and old conventions which do not conform to the new situation so as to have a better understanding of the reform and raise consciousness in carrying out the reform.

2. The leading cadres should proceed from reality and actively and creatively carry out their research and practice. On the basis of following the mass line, they should make plans and put forward suggestions for the reform of the units contacted and always avoid reaching "unanimity of experiences" and try to avoid blindly following the experiences of others. Taking the overall situation into consideration, the time of the reform can be extended. But the leading comrades should neither be overanxious for quick results nor be slack and perfunctory, and should in good time implement the plans which have already been made.

3. Practical problems arising in grassroots reform are best solved locally. The problems which cannot be solved locally will be solved by the responsible departments. If they also cannot be solved by the responsible departments, then the leading comrades of the regional CPC Committee and the regional people's government responsible for the work will hold a meeting attended by all sides to work together so as to solve problems on the spot.

4. The leading cadres should pay close attention to the whole process of the reform, should not go in like a lion and come out like a lamb, and should not ask anyone to do the work for them, but should carry out the reform personally and carry it out to the end. Every leading comrade should often ask about the situation of the enterprise he contacts and conscientiously carry out investigation and research so as to practically solve some problems for the enterprise.

5. The leading comrades should have a good style of work and should persist in learning from the masses and learning from practice. They should serve the grassroots, but they should not seek personal privileges for themselves and should not make use of their powers to obtain profit for themselves.

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PROVINCIAL AFFAIRS

NINGXIA, ZHEJIANG HOLD ECONOMIC COOPERATION TALKS

HK051130 Yingchuan NINGXIA RIBAO in Chinese 24 Jan 85 p 1

[Report: "Ningxia and Zhejiang Promote Further Cooperation in Economy and Technology; The Two Localities Have Reached Agreement on More Than 200 Cooperative Projects and Zhejiang Will Provide Ningxia With 100 Million Yuan"]

[Text] The Ningxia economic and technological cooperation delegation headed by Comrade Hei Baili recently held conscientious and friendly talks in Hangzhou with leading comrades of the Zhejiang Provincial People's Government, departments concerned directly under the provincial People's Government and leading comrades of some prefectures, cities, and counties of Zhejiang Province. The two sides discussed possibilities of increasing economic and technological cooperation between Ningxia and Zhejiang. The two sides unanimously agreed that further future economic and technological cooperation between the two provinces and the two localities should conform to the CPC Central Committee's policy of "opening the country to the outside world and invigorating the economy at home" and to the practical situation in the two provinces. Zhejiang and Ningxia both have their respective advantages. The two sides can learn from each other's strong points and offset each other's weakness. They can help each other progress through mutual, multilevel and multichannel cooperation.

In their discussion of specific cooperative projects, in accordance with the spirit of helping each other and the principle of equality and mutual benefit, the two sides reached agreement, or agreement of intent, to jointly develop Ningxia's aluminium-making, iron-making, coal chemical industry and the production of soda ash, polyvinyl chloride, and so forth. According to the agreement, Zhejiang will provide Ningxia with funds, technology, or equipment for the development of the above-mentioned industries, investing a total of 100 million yuan in these cooperative projects. Apart from this, the two sides have also reached agreement on 199 cooperative projects concerning science, culture, education, public health, and other aspects of industry and agriculture.

The Ningxia delegation arrived in Hangzhou on 15 January. That afternoon, on behalf of Zhejiang Provincial CPC Committee and the Zhejiang Provincial People's Government, Comrade Xue Ju, deputy secretary of the Zhejiang Provincial CPC Committee and governor of Zhejiang Province, and Comrade Shen Zulun, vice governor of Zhejiang Province, warmly welcomed the Ningxia delegation.

Comrade Xue Ju said: Ningxia is a good place with rich natural resources, particularly energy resources. Zhejiang, on the other hand, especially lacks coal and electricity. So long as we stick to the principle of supporting each other, helping each other, and bringing into full play our respective advantages, we will surely become rich together. Comrade Shen Zulun said: Ningxia's disadvantages are only temporary, its advantages permanent. Zhejiang views their situation optimistically and will cooperate with Ningxia.

In order to thank Zhejiang Provincial CPC Committee, the Zhejiang Provincial People's Government and the people of Zhejiang Province for their great support to Ningxia's economic construction for many years, Comrade Hei Boli gave a reception the evening of 17 January. At the reception he said: Economic and technological cooperation between Ningxia and Zhejiang has a long history. As early as the 1950's, a large number of young educated people came to settle in Ningxia in order to support construction in the northwest. For the past 30 years, they have been playing an important role in the agricultural and industrial construction of Ningxia. Many of them have become the technological and professional backbones of the economic construction of Ningxia. Some of them have become leaders at different levels in the autonomous region. In recent years, the chief comrades in charge of Ningxia and Zhejiang have been paying much attention to the development of friendship and cooperation between the two localities. In order to strengthen organization, leadership, and coordination in the support of economic construction in Ningxia, Zhejiang has established a consultative group which will leave for Ningxia. Many departments, areas, and enterprises of Zhejiang Province have also established cooperative relations with Ningxia. The possibilities for cooperation are becoming better and better. Basic material cooperation has developed into economic, technological, scientific, and cultural cooperation, as well as cooperation in many other fields. In order to further increase friendly relations between the two localities, Yinchuan, Wuzhong, Guyuan, and other eight cities, prefectures, and counties have respectively become friendly partners with Ningbo, Jinhua, Shaoxing, and eight other cities, prefectures and counties of Zhejiang Province. It can be said that the friendship between our two localities is a fraternal friendship.

Shen Zulun, vice governor of Zhejiang Province, also made a speech at the reception. He said: The comrades of Zhejiang Province should learn from the Ningxia comrades' spirit of improving their conditions and developing the economy and their spirit of conscientiously carrying out the CPC Central Committee's policy of opening the country to the outside world. They should also cooperate well with each other do some work practical. [Sentence as received]

Attending the reception were leading comrades of Zhejiang Provincial CPC Committee, the Zhejiang Provincial CPC Advisory Commission, Zhejiang Provincial People's Congress, Zhejiang Provincial People's Government, Zhejiang Provincial People's Political Consultative conference, as well as leading comrades of Hangzhou City, Lu Dong, Li Dexin, Tie Ying, Cui Jian, Shang Jingcai, Wang Jiayang and Zhai Xiwu and more than 200 leading comrades from the departments of the provincial People's Government and some prefectures, cities, and counties.

The Ningxia delegation left Zhejiang for Jiangsu on 23 January.

PROVINCIAL AFFAIRS

ZHEJIANG, NINGXIA REACH COOPERATION AGREEMENTS

OWO20348 Hangzhou ZHEJIAN RIBAO in Chinese 23 Jan 85 p 1

[Excerpt] The Economic and Technical Cooperation Delegation of the Ningxia Hui Autonomous Regional People's Government has, after several days of negotiations, reached agreements on more than 200 joint economic and technical ventures with the relevant economic departments of Zhejiang Province.

By further expanding their economic and technical cooperation on the basis of mutual assistance, equality, and mutual benefit, Ningxia and Zhejiang will be better able to pool their own superiorities and promote the development of their respective economies. The more than 200 agreements, which involve cooperation between units at different levels and through many channels, cover petrochemical metallurgical, light, textile, water conservancy and power, building material and machinery industries, science and technological, cultural and educational, and public health fields. These cooperation projects will mainly take the form of technical cooperation, joint investment and management, and compensatory trade. Among the key projects are those aimed at developing the production of Ningxia's aluminum smelting, iron smelting, and coalification industries. Zhejiang Province will provide the technologies, equipment, and capital needed and Ningxia will offer Zhejiang, in the form of compensatory trade, the products concerned for a certain number of years. To help Zhejiang develop its tourist industry, Ningxia's concerned departments will make joint investments with Hangzhou City's Tourist Department to build a fairly large nationality hotel.

The agreements were signed on the afternoon of 22 January by Deng Xichen, on behalf of the Ningxia Hui Autonomous Regional People's Government, and Zhen Jiaquan, on behalf of the Zhejiang Provincial People's Government. Present at the signing ceremony were Hei Boli, chairman of the Ningxia Hui Autonomous Regional People's Government, and Shen Zulun, vice governor of Zhejiang Province.

CSO: 4006/350

PROVINCIAL AFFAIRS

NINGXIA SIGNS ECONOMIC COOPERATION AGREEMENTS WITH SHANGHAI

HK260604 Yinchuan NINGXIA RIBAO in Chinese 14 Jan 85 p 1

[Report: "Major Results Achieved in Economic and Technological Cooperation Between Ningxia and Shanghai"]

[Text] From 6 to 12 January, the Ningxia economic and technological cooperation delegation headed by Regional Chairman Hei Boli, held business discussions with Shanghai Mayor Wang Daohan, Vice Mayor Ruan Chongwu, and responsible comrades of the departments concerned in Shanghai on expanding economic and technological cooperation between Ningxia and Shanghai under the principle of each bringing its own superiority into play and of mutual assistance and benefit and by means of counterpart negotiations. Major progress was made in the discussions. Apart from successfully signing agreements and letters of intent on some 60 projects suggested by various departments, prefectures, and cities of Ningxia, they also concluded agreements on several major projects such as energy exploitation and technological cooperation suggested by various departments, prefectures, and cities of Ningxia, they also concluded agreements on several major projects such as energy exploitation and technological cooperation suggested by the autonomous region. On the afternoon of 12 January representatives of both sides initialed the "agreement on economic and technological cooperation between the Ningxia Hui Autonomous Regional People's Government and the Shanghai Municipal People's Government." According to the agreement, Shanghai will provide Ningxia with a loan of 200 million yuan without interest, and Ningxia can use the loan of its own accord for its economic construction. In addition, Shanghai will make an investment of 80 million yuan to expanding the second phase of the projects of the Yinchuan Aluminum Company.

While in Shanghai, the Ningxia delegation was given a warm reception by the Shanghai Municipal People's Government. On the evening of 9 January, the autonomous regional delegation held a grand party, at which Comrade Hei Boli expressed his thanks on behalf of the Ningxia Autonomous Regional CPC Committee and government for the firm support Shanghai has given to Ningxia over the last few years. Comrade Wang Daohan, secretary of the Shanghai Municipal CPC Committee and mayor, spoke at the party. He said: The business discussions between Shanghai and Ningxia currently under way will produce a certain influence on developing the relationships between fraternal provinces, cities, and autonomous regions. From now on, Shanghai and Ningxia will pool their efforts in utilizing foreign capital and introducing foreign technology for the purpose of promoting Shanghai's prosperity and invigorating Ningxia.

After his speech, the actors and actresses who came to Shanghai with the delegation and some local literary and art workers put on interesting performances. Also present at the party were some 400 persons including Liu Jingji, vice chairman of the National CPPCC; Yang Di, secretary of the Shanghai Municipal CPC Committee; Ruan Chongwu, secretary of the Shanghai Municipal CPC Committee and vice mayor; Li Gui, deputy director of the State Economic Commission; Wu Bangguo, Standing Committee member of the Shanghai Municipal CPC Committee and director of the Committee Office; Huang Ju, Standing Committee member of the Shanghai Municipal CPC Committee and secretary general of the committee; Shanghai Vice Mayors Liu Zhenyuan, Zhu Zongbao, and Ye Gongqi; responsible persons of the Shanghai CPPCC, the departments concerned, and enterprises, as well as some noted public figures.

The delegation left Shanghai for Hangzhou on 14 January.

CSO: 4006/350

SHAANXI LEADER PRESENTS REPORT, IDEAS ON REFORMS

HK040303 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 3 Feb 85

[Excerpts] On 3 February, Provincial CPC Committee Deputy Secretary Mou Lingsheng made a report at the provincial CPC committee work conference on the visit of the provincial delegation to study and investigate in three provinces and seven cities. In connection with reality, the report put forward six views on economic construction and reform of the economic structure in the province.

Not long ago, Provincial CPC Committee Secretary Bai Jinian led a delegation of responsible comrades from six prefectures and cities and the provincial organs concerned to study and investigate conditions in Sichuan, Hubei, and Guangdong Province and Chengdu, Chongqing, Wuhan, Guangzhou, Foshan, Zhuhai, and Shenzhen cities. The whole trip took over 20 days. Everywhere the delegation went, they saw a scene of eagerness for reform, vigorous efforts to promote work, and economic prosperity.

Comrade Mou Lingsheng put forward the following six views on economic construction and reform of the economic structure in Shaanxi in light of the experiences of other provinces.

1. The province and the prefectures, cities, and counties should set up keen-witted, capable, united, and effective leadership groups to be responsible for coordinating and organizing economic development strategy studies. In addition experts and talented people in all fields should be organized to make feasibility studies of strategic schemes. Plans for doubling industrial and agricultural output value should be formulated as soon as possible.
2. Enliven circulation and communications and open up Xian, Baoji, Xianyang, and Weinan cities. We should further open up markets in production materials, consumer materials, finance, and science and technology, based on Xian, to form the Guangzhong trade center, the largest in the northwest. At the same time, we should work hard to change the province's backwardness in communications, and form a comprehensive communications network in the Guanzhong area, to assist in spurring production by trade and in stimulating reform by opening up.
3. Do everything possible to invigorate the province's 240 large and medium enterprises. We must be thorough in delegating powers to these enterprises.

This year we must introduce throughout the province the responsibility system for plant managers and the method of having a floating link between an enterprise's total wage bill and the profit and tax it pays to the state.

4. Reform the financial setup. There should be concentrated use of all funds provided through various channels, so that they can play their most effective role. The conditions for issuing loans should be relaxed and capital turnaround should be speeded up. Idle capital in society should be put to work in various ways.

5. Transplant to Shaanxi the special policy applied in Zhuhai City, Guangdong, of high wages, low taxes and tax exemption applied in developing an economically backward island, and use this policy in developing remote and poor mountain areas in the province.

6. Organize the leaders at all levels, especially those leading economic work, to make group study and investigation visits to advanced provinces and cities. All systems and sectors can also take part in studying their counterparts and conduct investigation on specific topics, to solve their own practical problems.

Mou Lingsheng said in conclusion: Through this investigation, we took a trip out of Shaanxi and viewed our province afresh in the perspective of the whole country. The bold pioneering spirit of the southeastern coastal region and its flexible and adaptable ability in competition form a shock wave from the coast to the interior and act as both a challenge and a spur to us. We can only gain the initiative in this competition if we emancipate our minds a bit more, are a bit more bold in reform, dare to create new things, are good at adapting, and display pioneering spirit.

After Comrade Mou Lingsheng completed his report, Provincial CPC Committee Secretary Bai Jinian and Deputy Secretary Li Qingwei made speeches. They stressed: The experiences of the three provinces and seven cities are of great advantage for all-round reforms in our province. They demanded that the leading cadres at all levels further eliminate leftist and outdated concepts, continually emancipate their minds, creatively implement the central principles and policies on reform of the economic structure, be bold and skillful in adapting, and also boldly employ talented people who have knowledge, understand technology, know how to manage, and have pioneering spirit, to press ahead the reforms of the economic structure of Shaanxi.

CSO: 4006/365

PROVINCIAL AFFAIRS

SHAANXI FORUM OF PEASANT ENTREPRENEURS CONCLUDES

HK250341 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 23 Jan 85

[Text] Our provincial forum of peasant entrepreneurs concluded yesterday afternoon. At yesterday afternoon's closing ceremony, Governor Li Qingwei called on the peasant entrepreneurs to emancipate their minds, to boldly carry out reform, and to contribute toward the take-off of all township and town enterprises throughout the province.

Li Qingwei said: When peasants set up enterprises, they must gear the enterprises not only to the needs of the whole province and country but also to the needs of the whole world. They must try to sell their products on the international markets. Peasant entrepreneurs must have such ambition. They must not limit their business only within their own localities, counties, and province. They must emancipate their minds and must start undertakings. In addition, they must promote sales, must master the trends of the market, and must not be limited by regions, raw materials, and plans. So long as their products are demanded by society and are marketable, they can greatly develop their products.

Li Qingwei also said: I agree with the peasants on absorbing qualified personnel from Xian, other provinces, and even abroad. Qualified personnel who can start undertakings and are familiar with business should be invited to township and town enterprises to develop our economy.

In conclusion, Governor Li Qingwei emphatically pointed out: In developing township and town enterprises, it is not allowed to transfer ownership to the upper levels. The past lesson was that as soon as enterprise earns money, ownership was transferred to upper levels. This was in fact confiscation and was a red-eye disease [jealously]. No one is allowed to do this. Moreover, it is also not allowed to indulge in egalitarianism, indiscriminate transfer of resources, and apportioning. At present, in wake of the prevailing malpractice of apportioning in enterprises, too many exorbitant taxes and levies are imposed on enterprises. It is essential to resolutely curb this malpractice.

CSO: 4006/350



PROVINCIAL AFFAIRS

FORUM ON ENLIVENING LARGE ENTERPRISES HELD

SK050108 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 2 Feb 85

[Excerpts] The provincial forum on enlivening large state enterprises put forward that the key to enlivening large enterprises and making Liaoning's economy flourish is, based on the principle of specialized cooperation, to organize various groups of enterprises, with large enterprises as the center, and to spread the production of large enterprises to small enterprises and village enterprises in order to lead the development of the latter. The forum was held in Fushun from 29 January to 1 February.

Leaders from 13 cities of the province and factory heads of over 100 large enterprises exchanged experiences in enlivening large enterprises and developing horizontal economic cooperation among the enterprises, discussed ways to enliven large enterprises, and relayed the guidelines of the national forum on carrying out the system of factory heads taking responsibility on a trial basis. Governor Quan Shuren made a report on learning from Jiangsu's experience in reform and set forth hopes and demands with regard to enlivening large enterprises. Vice Governor Li Guixian made a closing speech at the forum.

In his speech, Comrade Li Guixian pointed out: Enlivening large enterprises is a key link of the reform of the urban economic structure. Our province has many large key enterprises. These enterprises play an important role in Liaoning's economy, as well as the entire nation's economy. Therefore, enlivening large and medium-sized enterprises is not only a key to vitalizing our province's economy but is also of great significance to the nation's four modernizations.

After analyzing the basic situation in enlivening large enterprises, Comrade Li Guixian put forward measures for enlivening large enterprises. He said: We should continue to simplify administrative procedures and delegate powers to lower levels, create conditions for enlivening large enterprises, develop horizontal economic cooperation among enterprises, bring into full play the radiation functions of large enterprises and use various methods to collect funds for technological transformation in order to strengthen large enterprises' ability for self-development. Large enterprises should do well in conducting the reforms among the units subordinate to them. We should strengthen leadership over enlivening large enterprises.

Comrade Li Guixian pointed out: Liaoning enjoys exceptional advantages in developing horizontal economic cooperation. Therefore, it is imperative that we smash the system of a closed economy and carry out economic cooperation between different trades and localities.

Li Guixian pointed out: With regard to developing horizontal economic cooperation, we should insist on the principle of voluntary participation, delegate the decision-making power in conducting cooperation to the enterprises, work out specific plans and requirements and vigorously develop technological cooperation in order to commercialize scientific research findings and bring into full play the role of technology, and work out policies to support the cooperation.

He emphatically pointed out: In order to develop horizontal economic cooperation, we must smash the closed management system that sets up barriers between departments and regions at different levels. All cities and departments should get rid of the traditional idea of natural economy and enthusiastically support the enterprises that belong to their own departments and regions to spread their production to other places, to widely conduct cooperation with enterprises outside the province, spread the production of spare parts to others, to do well in conducting specialized cooperation, and to promote the development of great socialized production.

Cooperations between enterprises assumes various contents and forms. The contents of cooperation mean cooperation in the fields of production, technology, supply and marketing, management, and funds. The forms of cooperations mean setting up tightly-knit economic entities and conducting cooperation through contracts and agreements. At present, we should vigorously organize a group of enterprises with emphasis on producing famous-brand, good quality, and new products, and on the basis of large and medium-sized enterprises to bring into full play the radiation functions of large enterprises.

CSO: 4006/365

PROVINCIAL AFFAIRS

SHANXI LEADER ON TRANSFORMATION OF POOR AREAS

HK010221 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 31 Jan 85

[Excerpts] On 31 January, Vice Governor Guo Yuhuai spoke at a full session of the provincial CPC Committee's work conference, in which he gave the following views on the guiding ideology for making plans to help with the transformation of poor areas:

1. In helping poor mountain areas to achieve transformation, it is necessary to rely on the strength of the local people themselves and on the internal vitality of the local economy. We should adopt various channels and methods to solve the problems of capital for exploiting resources and developing commodity production in these areas. We should pay particular attention to supporting the masses' self-operated and cooperative economy.
2. State capital provided as assistance for poor areas should mainly be used in developing production. In the future, we should integrate providing economic assistance for poor mountain areas with transforming the production conditions there, and increase local economic strength by helping the poor areas to develop production.
3. In helping with transformation of poor areas, we must focus on key points and concentrate forces to solve problems. The provincial authorities have now designated 31 counties as poor counties. We should first solve the problems of these 31 and help them to transform their appearance. We should concentrate on solving a number of problems in these counties, but this certainly does not mean responding to every request and taking charge of everything. The focus should be on solving three problems: Strengthen infrastructural construction, readjust the rural production mix, and step up education to train talented people.
4. In helping with the transformation of poor areas, we must proceed from reality, act in light of local conditions, and take advantage of local superior features.

There is a great deal of arduous work to be done to help to transform poor mountain areas as soon as possible, and the first thing is to further relax the policies. This includes two aspects: 1) The policies for poor mountain areas should be more flexible, open, and adaptable than in ordinary areas.

We must thoroughly correct the defect of over-centralization and excessive control, and give the peasants in these areas more operational decisionmaking powers. 2) Lighten the burden of peasants in the poor mountain areas and give them favored treatment.

PROVINCIAL AFFAIRS

SHANGHAI DELEGATION VISITS JIANGXI PROVINCE

OW060412 Shanghai JIEFANG RIBAO in Chinese 2 Feb 85 p 1

[Text] Special dispatch from Nanchang--A Shanghai Municipal Government delegation led by Mayor Wang Daohan visited Jiangxi from 28 January to 2 February. Mayor Wang Daohan and Jiangxi Governor Zhao Zengyi today signed the minutes on talks on strengthening economic and technical cooperation between Shanghai and Jiangxi.

Mayor Wang Daohan freely exchanged views with Bai Dongcai, first secretary of the Jiangxi Provincial CPC Committee; Governor Zhao Zengyi, and Vice Governors Ni Xiance, Liang Kaixuan, and Liu Bin on upgrading economic cooperation between the municipality and the province. Ni Xiance briefed the Shanghai Government delegation on the basic state of economic development in Jiangxi and its immediate and long-range economic development plans. Mayor Wang Daohan said: Various provinces and cities throughout the country are giving Shanghai strong support to develop its economy. This year, Shanghai plans to accelerate the pace of opening itself up and developing economic cooperation. It will deal with other fraternal provinces and cities sincerely and try to seek more common interests in the field of cooperation.

In line with the principle of "taking advantage of favorable conditions and promoting mutual benefit and common development through mutual support," Shanghai and Jiangxi reached the following initial agreements through consultation: The emphasis of economic and technical cooperation between Shanghai and Jiangxi should be placed on the foodstuff, textile, electronics, machinery, and packing industries; the focus of developmental cooperation should be on livestock breeding, nonferrous metals, nonmetallic mines, and transport services. Jiangxi proposed that joint-venture bases for raising such commodities as pigs, cattle, poultry, eggs, aquatic products, tangerines, and bamboo be set up together with accompanying pastures, fodder plants, and processing plants, and that Jiangxi would supply Shanghai with a certain quantity of animal protein and fruit each year. Shanghai joyfully expressed its readiness to cooperate with Jiangxi in the above-mentioned items. After consultation, Shanghai and Jiangxi agreed to establish a joint-venture sanitary equipment plant, a new packing plant in Jingdezhen, a cement plant in Ruichang, and to jointly exploit powder quartz deposits in western Jiangxi. In the field of foreign trade, Shanghai will provide Jiangxi with information and other related services. After consultation, Shanghai and Jiangxi agreed

to assist one another in training technicians and college students in urgently needed specialities. Shanghai expressed its readiness to provide Jiangxi with more scientific and technical personnel. After consultation, the municipality and the province agreed to hold two cooperation work symposiums a year in order to sum up experiences, exchange information, and negotiate on other cooperation items. The first meeting will be held in Shanghai in the first half of this year.

CSO: 4006/351

PROVINCIAL AFFAIRS

FUJIAN ECONOMIC SUPPORT CAMPAIGN IMPLEMENTED

OWO31110 Beijing XINHUA Domestic Service in Chinese 0106 GMT 3 Feb 85

[Excerpts] Fuzhou, 3 February (XINHUA)--Fujian's Fuzhou City and Ningde Prefecture have signed 26 counterpart-support agreements, thereby initiating the campaign to have economically developed areas support comparatively poverty-stricken areas in Fujian on a village-to-village, town-to-town basis.

Fuzhou City and Ningde Prefecture established horizontal economic ties in accordance with the pertinent guidelines contained in a letter written by Xiang Nan, first secretary of the Fujian Provincial CPC Committee, on New Year's Day this year to the Provincial Federated Cooperative of Village and Town Enterprises. This letter calls for counterpart support between economically developed areas and poverty-stricken areas in Fujian.

Xiang Nan proposed that departments concerned should make great efforts to "carry out a task of tremendous significance and benefits this year--to mobilize the coastal areas where commodity economy is quite developed, to render counterpart support to comparatively poverty-stricken villages and towns in inland areas. They can support and provide information to each other on a village-to-village, town-to-town basis." Xiang Nan also specifically suggested in his letter that Fuzhou City support Ningde, Putian support Jianyang, Jinjiang support Sanming, and Xiamen support one of two counties in Longyan Prefecture.

It has been learned that other prefectures and cities in Fujian are following the example of Fuzhou City and Ningde Prefecture to engage in counterpart-support projects.

CSO: 4006/350

PROVINCIAL AFFAIRS

GUANGDONG GOVERNOR ON BUILDING ZHUJIANG DELTA ZONE

HK020733 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 1 Feb 85

[Text] Guangdong Governor Liang Lingguang said at a recent forum on the Chang Jiang and Zhu Jiang Deltas and the Xiamen-Zhangzhou-Quanzhou triangular area in southern Fujian: We must further emancipate our minds, seriously sum up the experiences of opening up to the world and enlivening the domestic economy in the past 5 years, actively explore and practice, and strive to build the Zhujiang Delta into a modern, open-style zone with internal and external exchanges, integrated industry and agriculture, and mutual penetration of cities and rural areas, and where the people are well-off, to make more contributions to the four modernizations drive.

Liang Lingguang said: To organize open economic zones in the Changjiang and Zhujiang Deltas and the triangular area in southern Fujian is another important policy decision following the implementation of special policies and flexible measures in two provinces, the establishment of special economic zones, and the opening up of Hainan and 14 coastal cities. It is another important strategic measure for opening up to the world and speeding up the four modernizations.

He said: In order to make a success of this major undertaking, on the basis of seriously summing up the experiences of opening up to the world in the past few years and of carrying out investigation and study, the initial scheme envisaged for Guangdong is to start with the small Zhu Jiang Delta triangle embracing over 10 counties and cities including Foshan and Jiangmen, gain experience, and gradually expand to the great triangle. This excludes Guangzhou, Shenzhen, and Zhuhai cities, which have already been made open cities or special economic zones, with the approval of the State Council.

The goals of development of the Zhujiang Delta Open Economic Zone area are: To strive to double the 1980 total industrial and agricultural output value in 1985, that is, 5 years ahead of schedule; and to achieve quadruplication by 1990, which is 10 years ahead of schedule. Through importing from outside and linking with the interior and carrying out technological transformation key trades and products and backbone enterprises should reach the advanced international standards of the early 1980's by 1990; total value of foreign trade and exports in 1990 should have quadrupled compared with 1984, and the development of foreign trade should lead forward a complete economic takeoff; and people's living standards should reach a comfortably well-off level 10 years

ahead of schedule. In this way, Guangdong will establish an open coastal zone from Shantou to Zhanjiang and Hainan, including special economic zones, open cities, and the open economic zone; and this area will get rich ahead of others, and will also lead forward economic development in the interior and the mountain areas.

The province's industrial and agricultural output value rose by an average of 11.8 percent a year from 1981 to 1984 on the basis of the 1980 figure. The province should strive to achieve doubling in 1987, which is 3 years ahead of schedule, and quadrupling by 1995, which is 5 years ahead of schedule.

CSO: 4006/350



PROVINCIAL AFFAIRS

GUIZHOU HOLDS CONFERENCE ON ECONOMIC CONSTRUCTION

HK250325 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 23 Jan 85

[Excerpts] Last night the provincial government held a provincial telephone conference, urging the people of various nationalities to pool efforts to afforest hills, build roads, and dredge waterways so as to work hard in order to end the backward situation.

The conference was presided over by Vice Governor Zhang Yuhuan. Vice Governor Luo Shangcai; Liu Jimin, chairman of the provincial Economic Committee; and Peng Baigeng, director of the provincial Forestry Department, made speeches.

After summing up the province's achievements in afforestation, the conference pointed out: In 1985, the province's afforestation task should regard as its guide the spirit of the 3d Plenary Session of the 11th CPC Central Committee and this year's Central Document No 1. We should continue to do well in reform of the forestry economic structure and ensure that the afforestation target of 6 million mu will be accomplished this year.

The conference urged all localities to continue to implement the plan down to every level. They can adopt such measures as contracting plots to households, joint households, major households, and afforestation companies run by civilians, and can organize thousands upon thousands of households to plant trees in private plots and contracted plots on mountain slopes. The localities should strive to grow trees in all private and contracted plots within 2 to 3 years. Meanwhile, we should do well in converting arable land to growing trees. Any arable land that has a gradient greater than 25 degrees should be gradually switched into growing trees, grass and fruits. We should strive to change all such land to growing these items by 1990.

On building roads, the conference pointed out that the province's road system is rather backward, which seriously affects the development of the commodity economy. Recently the State Council has decided to allocate grain, cotton, and clothing to the province as material subsidies for helping the province's road construction and waterway dredging in backward areas. The provincial government urges the localities to build 7,900 kilometers of highways and to dredge 516 kilometers of waterways within 3 years.

In order to do well in construction, the conference urged: First, we must heighten our understanding that the allocation of grain, cotton, and clothing

from the state to the province for building roads in backward areas has shown the concern of the CPC Central Committee and the State Council toward the province's nationalities. It is also an important measure for speeding up the development of a commodity economy in the backward areas. Governments and departments at various levels must seriously do well in this work.

Second, the materials subsidized by the state should be given as payment in kind to workers who take part in road construction work, instead of being used for other purposes.

Third, we should stress the main points while building roads in counties and towns.

Fourth, the commercial and food departments must coordinate with the departments concerned in distributing the grain, cotton and clothing, and must ensure that the requirements for road construction are met.

Fifth, transportation departments at various levels must help in the construction work, and give technical assistance and construction guidance.

Sixth, various prefectures, autonomous prefectures, and counties should formulate specific policies and methods of road construction in light of actual conditions. They should also establish leading groups for speeding up the pace of construction.

CSO: 4006/350

PROVINCIAL AFFAIRS

HEBEI PER-CAPITA INCOME INCREASES 100 YUAN

OW290923 Beijing XINHUA Domestic Service in Chinese 0818 GMT 28 Jan 85

[By reporters Xie Shiyan and Li Rongkun]

[Excerpts] In developing the four modernizations program and trying to become well-to-do, the broad masses of peasants in Hebei Province made new progress last year. Of the province's 140 counties, 61 realized their goal last year of a 100-yuan increase in the average income of their rural populace. When Comrade Hu Yaobang heard a Zhongnanhai briefing not long ago by a comrade from the Baoding Prefecture, he cheerfully asked secretary Xing Chongzhi of the Hebei Provincial CPC Committee to convey congratulations from the central authorities to the people there.

Among these 61 counties are some in mountainous areas as well as on the plains. The main reason that these counties have been able to achieve their goal of a 100-yuan increase in per-capita income is the good policy of the party Central Committee which has whipped up the enthusiasm of the broad masses. In recent years, the Hebei Provincial CPC Committee and the provincial government have done a great deal of work to implement the line, principle, and policies laid down by the party Central Committee.

1. In winter 1983, they had readjusted the leading bodies at the county level throughout the province and greatly changed their structure in age and knowledge to meet the requirements in developing the four modernizations program.
2. They have readjusted the organization of rural production and have actively developed commodity production according to market demands. The leading comrades of the Hebei Provincial CPC Committee and the provincial government have kept in constant close touch with reality and have helped various localities proceed from the actual situation and readjust the organization of production in recent years.
3. They have done away with the "closed-door" economy and have vigorously hired qualified personnel and imported technology. In the past, Hebei Province was fairly conservative. It paid little attention to qualified personnel and technology. In light of this weakness, the provincial CPC Committee and the provincial government repeatedly attached importance to this issue, and adopted specific measures to change this trend of belittling qualified personnel and technology.

4. They have developed economic relations among enterprises and regions and have strengthened joint management between cities and the countryside. Last year, Wenan County used its geographical advantage of being close to Beijing and Tianjin to extensively develop economic integration and technical cooperation with large and medium-sized cities, and scored remarkable achievements. The more than 2,600 village and township enterprises in the county signed contracts with over 3,000 enterprises and scientific research units in Beijing, Tianjin, and other large and medium-sized cities to manufacture parts. In 1984, the total production value of village and township enterprises in 1984 was 100 million yuan higher than that in 1983. The county achieved the goal of a 100-yuan increase in per-capita rural income.

CSO: 4006/250

PROVINCIAL AFFAIRS

HEBEI DEVELOPS VILLAGE, TOWN ENTERPRISES

OW070819 Beijing XINHUA Domestic Service in Chinese 0742 GMT 4 Feb 85

[By reporter Li Rongkun]

[Excerpt] Shijiazhuang, 4 Feb (XINHUA)--In the course of further readjusting the rural economic structure, Hebei Province has made big strides in developing village and town enterprises. The total income from these enterprises in 1984 amounted to 10.07 billion yuan, doubling that in 1983, and constituting half the total income from agriculture.

Hebei's village and town enterprises are characterized by management at various levels, in various forms, and through various channels. Last year, the province's peasants raised over 1 billion yuan in setting up some 40,000 new enterprises. Among them, some are run by townships or villages, and others by economic associations or individuals. Breaking away from the past rigid rules and regulations, these newly set up enterprises include combinations of various forms and structures between urban and rural, state-run and collectively-run, and collectively-run and individually-run production units. At the end of 1984, there were 230,000 such joint undertakings throughout the province.

CSO: 4006/365

PROVINCIAL AFFAIRS

JILIN REPORTS OVERFULFILLMENT OF PRODUCTION TARGETS

SK060213 Changchun JILIN RIBAO in Chinese 24 Jan 85 p 1

[Text] An unprecedented good situation has appeared in our province's economy. According to the latest statistics of the provincial Statistical Bureau, in 1984 the province prefulfilled the targets of the "Sixth 5-Year Plan" to be fulfilled by 1985 for industrial and agricultural output value, national income, revenue, percapita net income of peasants, grain and oil-seed output, number of draught animals, afforested areas, road transportation volume, posts and telecommunications transactions, and output of 24 major industrial products.

The province's industrial and agricultural output value of 1984 may reach 27 billion yuan, overfulfilling by 13.4 percent the "Sixth 5-Year Plan" and increasing by more than 11 percent over 1983; its national income may reach 13.8 billion yuan, overfulfilling by 27.8 percent the "Sixth 5-Year Plan" and increasing by 9 percent over 1983; and its revenue may reach 1.71 billion yuan, overfulfilling by 19.2 percent the "Sixth 5-Year Plan" and increasing by 21 percent over 1983.

The province created a record in grain output in 1984 by reaping 32.35 billion jin, overfulfilling by 47 percent the "Sixth 5-Year Plan" and increasing by 9.4 percent over 1983. This ranked the province 12th, as against 13th in 1983, among the provinces, municipalities, and autonomous regions of the country. The province continued to rank first in per capita amount of grain and in commodity rate of grain. The per capita net income of peasant families was preliminarily estimated to be 490 yuan, overfulfilling by 36.1 percent the "Sixth 5-Year Plan" and increasing by approximately 6 percent over 1983. This ranked the province first again among the provinces and autonomous regions (excluding municipalities) of the country.

Industrial and agricultural production showed remarkable growth in 1984. The province's industrial output value reached 18.7 billion yuan, overfulfilling by 10.7 percent the "Sixth 5-Year Plan" and increasing by 13.3 percent over 1983. Among the 1984 output targets for 80 major products, those for 59 products were fulfilled. The "6th 5-Year Plan" output targets for 24 products, including television sets, household washing machines, beer, crude oil, electricity, iron alloy, fertilizer for agricultural use, timber, cement, vehicles, and hand-guided tractors, were fulfilled or overfulfilled. The output of 58

products showed an increase over 1983 of which the output of 10 products, including televisions sets, household washing machines, woolen piece goods, beer and hand-guided tractors, showed an increase of more than 30 percent.

The province achieved great development in transportation, and post and telecommunication in 1984. The road cargo transportation volume reached more than 40 million tons, overfulfilling by 63 percent the "Sixth 5-Year Plan" and increasing by 20 percent over 1983; and the posts and telecommunications transactions reached 75.2 million yuan, overfulfilling by 8.8 percent over the "Sixth 5-Year Plan" and increasing by 10.9 percent over 1983.

Urban and rural markets became more brisk, and foreign trade developed very quickly. The province's 1984 retail sales volume of commodities (excluding that of trade fairs) reached 9.57 billion yuan, showing a 17.7 percent increase over 1983, of which, the retail sales volume of consumer goods was 8.3 billion yuan, increasing by 17.1 percent; and that of means of agricultural production was 1.27 billion yuan, increasing by 22.2 percent. The province's total value of imports and exports reached 650 million yuan, a 51.9-percent increase over 1983, of which, the total value of imports was 190 million yuan, an 86.3 percent increase over 1983.

CSO: 4006/350

PROVINCIAL AFFAIRS

QINGHAI FORMS SURVEY TEAM TO CHECK ECONOMIC REFORM PROGRESS

HK050416 Xining Qinghai Provincial Service in Mandarin 1100 GMT 4 Feb 85

[Text] According to QINGHAI RIBAO, the provincial CPC Committee and the provincial government have recently formed a survey team to conduct thorough investigations into the local conditions of the province's economic structural reform. The team will also study the situation of implementing the decision of the CPC Central Committee on reform of the economic structure.

The survey team is headed by Huang Jingbo, secretary of the provincial CPC Committee and governor. Yin Kesheng, Standing Committee member of the provincial CPC Committee and vice governor, is responsible for routine work.

Under the survey team are nine groups which are headed by responsible persons of the provincial CPC Committee, government and departments concerned. Also included, transferred comrades who have an emancipated mind, are professional in regard to work, and have a comparatively deep understanding of the policy and a proficient writing skill.

The team will emphatically investigate issues in such areas as strengthening the vitality of enterprises, expediting structural reform, reforms of the pricing structure and the price control system, reform of the wage system, reform of the circulation system, and opening to the outside.

The investigation groups are actively carrying out their work. The group that is responsible for strengthening the vitality of industrial and communication enterprises and separating government administration from enterprise management has transferred from other areas over 50 leading cadres who [are] professional in their work. The group is carrying the work out using a division of labor. They have studied the outline and are prepared to go to the enterprises to conduct their investigation.

CSO: 4006/350



PROVINCIAL AFFAIRS

YUNNAN RAISES INTERPROVINCE ECONOMIC, TECHNICAL COOPERATION

HK040923 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 3 Feb 85

[Excerpt] Various prefectures, departments, and trades of the province have seriously implemented the strategic decision of opening the province to the whole country, and opening Kunming to the entire province, in addition to furthering the development by acting in the spirit of reform. Therefore, the province has created a new situation in promoting economic and technical cooperation.

Last year, the province arranged more than 1,300 technical and economic cooperation projects with fraternal provinces and cities, and imported about 60 million yuan of capital. In the province, various prefectures, autonomous prefectures, autonomous prefectures, and cities also arranged about 700 cooperation projects among themselves. Compared with the total for the 3 years before 1984, these cooperation projects have increased by almost four times.

Among these economic and technical cooperation projects, those involving two counterpart organizations in the development of resources have progressed very rapidly. Before last year, only some counties of Shanghai had established links with and gave support to Chuxiong, Wenshan, and Dehong Autonomous Prefectures. But since last year, other counties of Shanghai; Zhenjiang and Yangzhou Cities of Jiangsu Province; and Chengdu, Chongqing, and Deyang Cities of Sichuan have established links between counterpart organizations with Lincang Prefecture and autonomous prefectures. At present, the whole province has 14 prefectures, autonomous prefectures, and cities that have established links with fraternal cities and counties in places outside than the province. [Sentence as received]

In the wake of implementing economic and technical cooperation, town and township enterprises have greatly developed. Last year, the enterprises in various localities arranged about 700 economic and technical cooperation projects with more than a dozen fraternal provinces and cities, more than 10 times the total for the previous 3 years.

CSO: 4006/350

PROVINCIAL AFFAIRS

XINJIANG RADIO ENCOURAGES INDIVIDUAL ENTREPRENEURS

HK030625 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 2 Feb 85

[Station commentary: "Promote the Development of Individual Economy"]

[Excerpts] The first Xinjiang congress of individual laborers concluded today. The congress elected the regional association of individual laborers. This is a major event in the political life of the region's 150,000 individual laborers, and shows that individual economy in Xinjiang will develop still more.

In recent years the region's individual economy has developed quite fast, and the problems of getting food and clothing and buying and selling things have eased. The development of individual economy has enlivened the economy and the markets and spurred socialist modernization.

However, we must also realize that current production cannot yet meet market and consumer needs, the commodity circulation channels are still rather clogged, the production mix is not rational enough, and there is still some lack of coordination in the national economy. We must therefore uphold the principle of having the state, collective, and individual getting to work together and continually carry out reforms of the structure.

To develop individual economy, the party committees and government must attach importance to the question, and the departments concerned must provide support. It is essential to sweep away all obstacles and put a stop to discriminating against, squeezing aside, creating difficulties for, and dealing blows at individual economy. The legitimate rights of individual entrepreneurs must be resolutely upheld. It is necessary to put the associations of individual laborers at all levels on a sound basis and bring their role into full play. We must also conduct more propaganda and education.

CSO: 4006/365

PROVINCIAL AFFAIRS

XIZANG MEETING ON INDUSTRIAL, COMMERCIAL ADMINISTRATION

HK050327 Lhasa Xizang Regional Service in Mandarin 0500 GMT 1 Feb 85

[Excerpts] According to XIZANG RIBAO, in order to more effectively implement the policy of opening up to the outside world and enlivening the domestic economy, to promote commodity production, to dredge commodity circulation channels, to make markets boom, and to speed up economic construction, the regional meeting on industrial and commercial administration was held in Lhasa from 11 to 28 January.

At the meeting, cadres of Industrial and Commercial Administration, in accordance with realities in Xizang, seriously discussed and studied 13 regulations and drafts for trial implementation, including the provisional regulations on registration and management of industry and commerce in Xizang Autonomous Region, the methods for trial implementation of regulations on arbitration on economic contracts in Xizang Autonomous Region, and the methods for signing economic contracts in Xizang Autonomous Region, so as to gradually bring the region's industrial and commercial administration into a correct orbit.

Puquin, vice chairman of the regional People's Government, attended the meeting and delivered a speech.

He said: Industrial and commercial administration departments must play an active role in the region's economic restructuring, promote the process of changing the region's supply-type economy to an operation-type economy and its closed economy to an open economy, and, in accordance with realities in Xizang, formulate special policies and flexible methods to develop the economy by various means. It is necessary to actively guide and support individuals and collectives engaged in industrial and commercial business, to know their economic and social effects, and to create conditions for them to become rich. It is necessary to attach importance to developing town and township enterprises and commercial networks and points, and to gradually bring about a situation of coexistence of various economic elements, various methods of operation, and various circulation channels, so as to make up for the inadequacy of state-run commerce.

Vice Chairman Puquin demanded that industrial and commercial administration cadres upgrade their level in implementing policies, firmly establish the idea of serving the people and the style of maintaining links with the masses, switch the focus of their work to service, strengthen management in providing service, and make great contributions to invigorating the economy and making markets boom.

22 February 1985

## PROVINCIAL AFFAIRS

## STUDYING DECISIONS OF THIRD PLENUM OF TWELFTH CENTRAL COMMITTEE

Tianjin TIANJIN RIBAO in Chinese 3 Nov 84 p 1

[Article by staff correspondent: "The Joint Philosophy and Social Sciences Federation of Tianjin and the Editorial Department of this Newspaper Invited Specialists and Scholars in the Field of Theory to a Symposium--Study and Propaganda of the 'Resolution'--Advice and Suggestions for the Reform"]

[Text] On the invitation of the Joint Philosophy and Social Science Federation of Tianjin and the editorial department of this newspaper, a group of local specialists and scholars in the field of theory held a symposium yesterday morning for a free discussion of the understanding from a study of the "Resolution of the CPC Central Committee Concerning the Reform of the Economic System," passed at the 3d Plenum of the 12th CPC Central Committee.

Responding to the invitation and making statements at the symposium were: (listed in the order of their speeches) Professor Gu Shutang [6253 2579 1016], director, Institute of Economics, Nankai University, Professor Yu Xinmin [0151 2450 3046], director, Economic Research Institute, Tianjin College of Finance and Economics, Li Gan [7812 1626], deputy director, Tianjin Social Science Institute, Zeng Zimu [2582 5261 3668], research fellow at the party school of the Tianjin Municipal Party Committee, Professor Wei Xun [7614 1053], head, Research Office for the Study of Modern Capitalist Theory, Department of Economics, Nankai University, Yang Yuchuan [2799 3768 1557], person in charge, NANKAI JINGJI YANJIU, Nankai University, Kong Min [1313 2404], assistant head, Research Office for the Study of Socialist Economics, Nankai Institute of Economics, and Assistant Professor Yang Qi [2799 2757], Research Office for the Study of Marxism-Leninism, Tianjin Teachers Training University. The famous economic scholar, Professor Teng Weicao [3326 4850 5679], president of Nankai University, submitted a written statement.

Xiao Yuan [5135 0337], standing member of the municipal party committee and head of the municipal department of propaganda, attended the meeting.

A responsible comrade from our newspaper chaired the meeting.

In the opinion of the participants at the symposium, the "Resolution," passed by the 3d Plenum of the 12th CPC Central Committee, is a programmatic document that guides the reform of China's entire economy, a reform that has the cities as its focal point. It is a Marxist political economy of Chinese imprint. It combines the fundamental tenets of Marxism with the Chinese reality, as it draws a most heartening scientific blueprint for the establishment of a socialism with Chinese characteristics. Everyone expressed the firm determination to study the "Resolution" conscientiously, to gain a thorough understanding of this blueprint, to widely propagate this blueprint and to make great efforts for the realization of this blueprint.

In the course of the symposium, many comrades said with a deep understanding that this "Resolution" is not only the scientific summing up of positive and negative experiences in China's socialist construction but also the crystalization of the wisdom of the masses. It includes the acceptance of many splendid scientific research results in economics, which is a tremendous encouragement and inspiration to all of us working in the field of economic theory. All unanimously agreed that the "Resolution" gives a correct answer to a whole series of important theoretical and practical questions posed by the practice of China's socialist construction, and that it is a major theoretical breakthrough. Many comrades spoke of the understanding they gained in this respect during their studies.

Gu Shutang was the first to speak at the symposium. He said that the contribution of historical significance made by the 3d Plenum of the 12th CPC Central Committee consisted in drawing up for the Chinese people a blueprint of an economic system with Chinese characteristics, full of life and vitality. Its core is an increased vitality of the enterprises. The economic system that we shall establish will have macroeconomic regulation as well as enterprise vitality, will have elements of unity as well as flexibility. It will not only depart from traditional patterns, but will also be radically different from capitalist economic systems. It is bound to bring the enthusiasm and creativity of the intellectual and physical workers fully into play, have them harmoniously cooperate in the development of production, in raising economic results, to achieve an economic upswing and demonstrate more effectively the advantages of the socialist system.

The participants at the symposium also expounded from different angles the new theoretical breakthrough of the "Resolution." Yang Yuchuan said that the "Resolution" broke out of the fetters of traditional concepts. He advanced the idea that the planned economy practiced by China is a new concept of a planned commodity economy. It reveals indeed an inherent connection between socialist planned economy and commodity economy and shows the distinction of the planned commodity economy on the foundation of the socialist public ownership of the means of production from the anarchic conditions of the capitalist commodity economy based on the system of private ownership, and also from the planned production economy of the advanced stage of communism. He gave as his opinion that human society is able within a certain scope to transcend the capitalist stage and enter socialism, but that it can under no circumstances transcend the stage of developed commodity economy to advance directly to the stage of product economy. We must therefore make great efforts to develop commodity economy. Since we are to make great effort for the development of socialist commodity economy, we must with full awareness of the evidence and by using the law of value promote increases in economic results. Kong Min followed up by saying that the law of value must necessarily play its role through prices. This "Resolution" attaches primary importance to the role of economic levers, as it particularly points out that "prices are the most effective regulatory means." This is a new conclusion that has never before been put forward. We must gain a deep understanding of this concept, learn to use economic levers, especially to use the economic lever of prices in order to promote the development of our socialist economy.

Wei Xun pointed out during his speech that the "Resolution" says: "As soon as there is commodity production, there is bound to be competition," also that "the relationship between socialist enterprises is first of all one of mutual cooperation and mutual support, but this relationship does not at all preclude competition." This conclusion is also a new theoretical breakthrough. For a long time in the past we have always believed that the law of competition is an economic law peculiar to commodity production on the basis of the private ownership system. The socialist commodity production is based on the system of public ownership, so that there should be only socialist emulation, but not competition between socialist enterprises. This does not conform to actual conditions. He furthermore set forth that there is of necessity reason for the existence of competition between socialist enterprises and that there is a radical difference between competition between socialist enterprises and the competition between capitalist enterprises.

Li Gan expressed the opinion that allowing a variety of economic forms and of business methods, especially regarding individual economy and foreign investments in enterprises as necessary and beneficial supplements to socialist economy, even allowing, by way of different business patterns, certain small-scale enterprises owned by the whole people to be leased out or contracted out to collectives or to individual workers to operate, under our present socialist system are major breakthroughs as compared to traditional concepts, but completely in accord with the level of China's present development of productive forces. These measures on the one hand conform with the tenets of Marxism as regards production relations definitely having to conform to the character of the productive forces and they also manifest on the other hand special Chinese characteristics. They are a scientific summation of the prevailing economic life of Chinese socialism, as they also indicate a correct summing up of 35 years of experiences in socialist construction in China.

Yu Xinmin and Zeng Zimu furthermore pointed out that the separation of the responsibilities of the government from those of enterprise management correctly asserts the functions of the government organs in administering the economy, as it is also a major development with regard to the current economic management system. Yang Qi expressed the opinion that the idea expressed in the "Resolution" of having one part of the people attain prosperity first and that common prosperity is not the idea of gaining prosperity in unison, also enriched the Marxist theory of distribution according to work.

In his written statement, Teng Weizao emphasized the importance of esteem for knowledge and respect for talents. He pointed out that it is always an urgent necessity to develop our intellectual resources, be it in the technological restructuring of our old enterprises, the building up of new industries or the implementation of our policy of opening up to the outside world. China has not enough qualified personnel and is also not fully utilizing some presently available talents. It is therefore now an important task to nurture and raise a new generation and train a large contingent of managerial cadres for the socialist economy, especially cadres for the management of enterprises. When we carry out our reform of the economic system, we must emphasize correspondingly the reform of education, science and technology and of the personnel system. He expressed the opinion that the principles, general and specific policies regarding the reform of the economic system as expressed in the "Resolution" can basically also be applied to the system of education and scientific research. Following the reform of the economic system, the reform of our systems of education,

scientific and technological research and of our personnel affairs (including labor, wages) seems ready to burst out at any moment and appears imminent indeed.

Finally, Xiao Yuan, standing member of the municipal party committee, made a speech. After talking about the importance of the document from the 3d Plenum of the 12th CPC Central Committee, he addressed three hopes and requests to all theorists of the entire municipality. He hoped that the theorists will conscientiously study the "Resolution," with the intention of understanding every phrase and sentence in it and truly studying it through and through. He hoped that the theorists will write down what they have gained from their studies, write articles on the understanding they have gained, go into the masses and launch counseling and other activities to help the large number of cadres and the masses to make a success of their studies of the document. He hoped that the theorists will squeeze out some time to immerse themselves in the realities, investigate and study, sum up experiences, discover problems and, aiming at the ideological condition of the masses, will carry out propaganda and will contribute to the success of our reform by submitting their advice and suggestions.

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PROVINCIAL AFFAIRS

BRIEFS

ZHEJIANG INDUSTRY, AGRICULTURE --Zhejiang Province's economy has made big strides in the course of reform. The province's total industrial and agricultural output value reached 49.77 billion yuan in 1984, or 21.6 percent more than 1983. The provincial party committee and provincial government leaders attributed the excellent situation in 1984 to reforms. In the course of reforms, the provincial party committee paid attention to readjusting the leading bodies at various levels by promoting intellectuals to various leading posts. [Summary] [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 9 Jan 85 OW]

GUANGDONG TOWNSHIP, TOWN ENTERPRISES--The gross income of all township and town enterprises in Guangdong Province last year may reach 12 billion yuan, recording an increase of about 40 percent over the year before last. Since the beginning of last year, the small metal, plastics, agricultural and sideline products processing, and mining enterprises, small hydroelectric power stations, and small garment and furniture enterprises set up by peasant households in various places in the province have produced over 400,000 products. Their gross income is nearly 3 billion yuan, which accounts for some 20 percent of the gross income of all township and town enterprises throughout the province. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 27 Jan 85 HK]

JIANGSU INDUSTRIAL, AGRICULTURAL OUTPUT--According to information released by the Jiangsu Provincial Statistical Bureau, the total industrial and agricultural output value of this province reached 97.3 billion yuan in 1984, increasing by 18 percent as compared with that of the previous year. The per capita industrial and agricultural output value reached 1,580 yuan, increasing by 231 yuan over that of the previous year. [Excerpts] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 18 Jan 85 OW]

NEI MONGGOL ENTERPRISE ACHIEVEMENT--In 1984, Hohhot City of Nei Monggol Autonomous Region, attracted more than 25,000 peasants from its suburbs to open businesses of the tertiary industry inside the city. The total income of these newly opened businesses reached 70 million yuan, accounting for 77 percent in the city's total agricultural incomes. The per capita income of its suburban people reached 426 yuan, a 100 percent increase over the 1978 figure. [Excerpt] [Hohhot NEIMENGKU RIBAO in Chinese 25 Jan 85 p 1 SK]

SHANGHAI SUBURBS' OUTPUT DOUBLES--According to municipal departments concerned, suburban Shanghai's five economic indexes have doubled in the 5 years ending last year. The five economic indexes were: Total industrial and agricultural output value reached 10.5 billion yuan, the revenue delivered to the state was 1.27 billion yuan, the incomes of the communes and production brigades and teams were 8 billion yuan, the fixed assets of the communes and production brigades and teams were valued at 3.35 billion yuan, and the average income of each peasant was 563 yuan. The distribution of income among peasants is now being made in Shanghai's suburbs. Thanks to a considerable increase in the incomes of the communes and production brigades and teams last year, the average distribution of income to each commune member will be 452.40 yuan, up 84.40 yuan over 1983. Following the distribution of income, peasants in suburban Shanghai are paying back their loans or depositing their money in savings accounts. According to statistics, peasants in more than 13,000 units where the distribution of income was finished have paid back 8.15 million yuan of their loans and deposited 85.79 million yuan in their savings accounts, accounting for 38 percent of the cash income distributed. [Text] [Shanghai City Service in Mandarin 2300 GMT 28 Jan 85 OW]

SHAANXI ECONOMIC STRUCTURAL REFORM--Initial results have been scored in Shaanxi's 1,000-man 100-day investigation of reform of the economic structure. This investigation began in November. According to incomplete statistics, the investigation groups have carried out investigation and study on 705 topics, written 837 investigation reports, and put forward 290 reform schemes, 19 of which are major schemes embracing the whole province. Since this activity started, leading cadres at all levels have taken the lead in going down to the grassroots and have personally acted to study new situations and solve new problems. Provincial CPC Committee Secretary Bai Jinian spent 15 days investigating and studying in six counties and cities in North Shaanxi and the Guangzhong area. Afterwards he took responsible cadres of the province and the prefectures to conduct investigations in Sichuan, Hubei, and Guangdong. Many comrades who have taken part in this investigation say: The fact that leaders at all levels have taken the lead in this investigation has improved the quality of the investigation and study, speeded up scientific policymaking, and promoted improvement in leadership style. [Excerpts] [Xian Shaanxi Provincial Service in Mandarin 2300 GMT 30 Jan 85 HK]

NANJING MILITARY REGION SUPPORT--Chen Huanyou, vice governor of Jiangsu Province, was invited to Nanjing Military Region to report on Jiangsu Province's reform of the economic structure on 30 January. Du Ping, member of the Central Advisory Commission; Xiang Shouzhi, commander of the Nanjing Military region; Guo Linxiang, political commissar; veteran comrades who have retreated to the second or third echelon of leadership, as well as various departmental heads, a total of over 100 people, attended the report meeting. Vice Governor Chen Huanyou spoke on four aspects: General introduction to Jiangsu Province's economic development in 1984, the urban economic reform and policy of opening to the outside world, the difficulties facing economic development and problems to be solved in the course of reform, and the objectives of struggle in the new year. Those present at the meeting lauded Jiangsu Province for standing in the forefront of the nation in economic construction. They also engaged in lively discussions with Vice Governor Chen on the various topics centering on

reform. Commander Xiang Shouzhi and Political Commissar Guo Linxiang pledged that the Nanjing PLA units will steadfastly support reform and economic construction of Jiangsu Province and the entire nation. [Text] [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 31 Jan 85 OW]

ZHEJIANG PROVINCE CHANNEL--Hangzhou, 1 February (XINHUA)--Work began here today on a new channel to divert Qiantang River water to clean up West Lake, one of China's best-known scenic spots in Hangzhou, capital of Zhejiang Province. When completed in late December 1986, the channel will carry 300,000 tons of water to the lake daily. The 3.3-kilometer-long channel project will include 1.6-kilometer tunnel and a pumping station. A smaller channel has been bringing water from the river to the lake since 1981. [Text] [Beijing XINHUA in English 0215 GMT 1 Feb 85 OW]

SICHUAN ECONOMIC PROGRESS--According to initial statistics, total industrial and agricultural output value of Sichuan last year was 66.76 yuan, a rise of 12.5 percent over 1983. This rise was higher than the national average growth rate. Total agricultural output value is estimated at 27.66 billion yuan, an increase of 9.1 percent over 1983. Total grain output is estimated at 81.58 billion jin, an increase of 1.47 billion jin. Output of all industrial crops rose. The number of pigs marketed is estimated at 38 million, an increase of 7.8 percent over 1983. Total industrial output value is estimated at 39.1 billion yuan, a rise of 15 percent. By the end of last year, the province had fulfilled the main targets of the Sixth 5-Year Plan, including those for total output value, grain, cotton, meat, aquatic products, afforested area, steel, pig iron, coal, natural gas, electricity, financial revenue, and retail sales. [Summary] [Chengdu Sichuan Provincial Mandarin 2300 GMT 2 Feb 85 HK]

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## ECONOMIC DEVELOPMENT ZONES

### YANTAI FOREIGN TRADE BUREAU CHIEF ON CITY'S ADVANTAGES

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 8, 27 Aug 84 pp 55-56, 10

[Article by special correspondent Yuan Chonghe [5913 1504 0735] : "Bringing the Foreign Trade Advantages of Yantai Fully Into Play in Further Steps To Open Up China to Foreign Trade and Investments"]

[Text] In the opening up of another 14 cities to foreign trade and investments, as proclaimed by the central authorities, the city of Yantai in Shandong Province has become a new window to the world in East China. On this occasion, this correspondent interviewed the head of the said city's Economic and Trade Bureau, Comrade Wang Zimin [3769 1311 3046], requesting him to talk about the foreign trade endeavors of Yantai within the framework of the progressive opening up of China to foreign trade and investments. The following are statements by bureau chief Wang Zimin:

#### Yantai, an Important Trading Port of North China

The municipality of Yantai is located at the eastern tip of the Shandong peninsula. It has 15 counties (cities) under its jurisdiction with a population of 8.1 million and a total area of over 18,900 square km. Its coastline is over 1,300 km long, and it is an important base for the export of commodities from Shandong Province.

From ancient times, Yantai has been one of China's important trading ports. Under the Tang and Song dynasties, the port was important in trade with Japan and Korea, when much of the silk weaving, iron and paper making techniques were exported from here. By the middle of the 19th century, it had developed into a key distributing center for North China's import and export commodities. Since the founding of the PRC, and following the development of our industrial and agricultural

production, the foreign trade of the entire municipality rapidly increased. In 1976 the state declared Yantai a national comprehensive production base for export commodities. Since the 3d Plenum of the 11th CPC Central Committee, with the conscientious implementation of the policy of opening up to the outside world and invigorating the domestic economy, the foreign trade of the entire municipality again experienced another rapid development. In 1983 the total value of procurements of export commodities throughout the municipality came to as high as 811.6 million yuan, which was 16 times more than in 1955. This sum accounted for 9 percent of the gross industrial and agricultural output value of the entire municipality and 21.76 percent of the total value of the entire province's procurements of export goods, ranking it third among all of China's cities (Foshan, Qingdao, Yantai).

Export commodities handled at Yantai fall into 12 large categories: food grain and oils, foodstuffs, textiles, silk, native products, animal products, products of the handicraft, of the light, of the chemical industry, machinery, equipment, metals and metallurgy, with over 400 particular items that are marketed in over 90 countries and regions of the world.

In the early years of the PRC, the main export commodities from Yantai were mainly agricultural and sideline products, which made up 90 percent of such procurements. Following the development of the national economy, a change took place also in the composition of the export commodities, expanding their range from mainly agricultural and sideline products to handicraft and industrial products. In 1983 the procurements of agricultural and sideline products accounted for 46 percent of the total value of the whole municipality's procurements for export, while handicraft items accounted for 22 percent and industrial and mining products for 32 percent. Since 1978, after regular sources for export commodities had been effectively organized, and, furthermore, some flexible trade methods had been adopted in line with local conditions, such undertakings as compensatory trade, processing of locally obtained materials, assembly of imported parts and processing of imported materials were launched. At the same time, active assistance was given to the industrial sector for the technical renovation of old factories. Since 1972, the entire municipality has taken up industrial loans for foreign trade purposes to the amount of over 115 million yuan, foreign exchange loans of U.S.\$30.9 million and has achieved outstanding results in effectively exploiting potential and in renovating and transforming 257 production enterprises.

## Yantai, Richly Endowed by Nature With Many Advantages

First, Yantai is an excellent trade port with communication lines in all directions. There are 13 large and small ports within the municipality, such as Yantai, Weihai, Longkou and Shidao. Of these, Yantai has 12 berths, 3 berths fit for 10,000-ton vessels and 6 berths for ships of over 5,000 tons, with an annual freight handling capacity of over 6.5 million tons. In 1985 the Yantai harbor will be expanded by 6 deep-water berths at Xigang [West Harbor], with a planned annual capacity of 3.9 million tons. When work will be completed by 1990, the total annual capacity of Yantai port will exceed 10 million tons. Railway lines are connecting Yantai directly with such places as Jinan, Qingdao, Beijing and Nanjing. The highway network of the entire municipality is over 5,400 km long and connects most county seats, townships (towns) and most of the villages.

Second, Yantai is located on a peninsula. Flanked on three sides by the ocean, it has abundant resources of marine products. As many as 70 types of fish and shrimp are quite common, and Yantai leads the nation in prawn catches, but also supplies the world's more costly items, such as scallops, sea cucumbers and abalone. There is an area of more than 400,000 mu of shallow water suitable for raising prawn, of which so far only 130,000 mu are being utilized, showing what huge untapped potential there still exists in the shallow water regions.

Third, the Yantai region has for many years been prominent in agricultural and sideline production and has had an abundance of agricultural and sideline products. The entire municipality has more than 11 million mu arable land, of which 1.5 million mu are orchards. To further promote the development of commodity economy in the rural areas, the municipal government has decided to withdraw 1 million mu from cultivation and use it for the development of tree growing, stock raising and sideline production. Yantai peanuts and fruits have for a long time enjoyed a high reputation in China and abroad. Peanuts are an important source of edible oil for the whole country, and Yantai is one of the bases for the commercial production of fruits. The Shandong large peanuts, the Longkou vermicelli, the Yantai apples, the Caiyang pears, mink pelts and rabbit hair are all large-scale traditional key export commodities from the said municipality, ranking it first in production and export quantities throughout the province. There is a great potential for the development of meat production (pork, beef cattle and chicken raised for meat). In future, in the wake of the rapidly developing commodity economy in the rural areas, Yantai may become the source of

many more agricultural and sideline commodities for export and see further developments in its foreign trade.

Fourth, the handicraft industry of Yantai has a very long history and an excellent reputation in all markets of the world. Yantai's silk reeling and straw braiding of unique style, traditional handicraft industries with a history of almost 100 years, have a broad social base as processing industries. Yantai's annual output value of these lines ranks first in all of Shandong Province, and procurements for export account for over 70 percent of the provincial procurements. More than 800,000 people are presently employed in silk reeling and strawbraid production. The 14 counties (cities) of the municipality all have specialized production facilities and a large number of skilled workers.

Fifth, Yantai has a good industrial foundation. More than 300 of its industrial and mining enterprises are engaged on export jobs. Industry throughout the municipality has for many years undergone construction and renovation, and has exploited existing potential, thus experiencing a very rapid development. There are by now over 2,600 enterprises of the light industry, foodstuffs, electronics, instruments and meters, machinery, chemical, building materials, coal and metallurgical industries. They constitute a certain basis for the export of industrial products. Some products have already become key commodities in major lines of export, such as wooden clocks, "Three Hoop" brand copper, iron padlocks, various kinds of spun silk, pongee, canned food, famous wines, medicinal liquor and traditional Chinese medicine; all these products are welcomed abroad and sell well. However, looking at the overall level of the entire industry, its techniques and equipment are still rather backward and products still lack competitive strength. Much potential is therefore left for the updating of our technologies, and according to plan, 109 items throughout the municipality are indeed escheduled for technological renovation before 1990, with a total investment of more than 1.9 billion yuan, including a requirement of U.S.\$228 million of foreign exchange. After all these items will have materialized, the sources of export commodities will have been increased to amount to over 1.6 billion yuan. In undertaking the above-mentioned technological renovations, we also hope for cooperation from foreign firms.

Sixth, Yantai has a great variety of underground mineral resources in large and abundant quantities. Over 40 kinds have been initially verified, of which the following are considered rich ore sources within the overall national framework: talcum, marble, granite, magnesite, barite,

graphite, quartz sand and molybdenum. Talcum reserves exceed 20 million tons; the material is of excellent quality and accounts for one-fifth of our national reserves. Reserves of marble are 80 million cubic meters, and the reserves of quartz sand are inexhaustible. Most of the products from Yantai's nonmetallic mines sell well in the international markets and are large-volume commodities that have excellent prospects of further development.

In conclusion, bureau chief Wang said: "It is not difficult to see from the above that our municipality has great advantages and good potential for the development of foreign trade. The further opening up for foreign investment and trade amounts to virtually giving us wings: we shall do our utmost to make full use of our advantages, utilize all our favorable conditions, invigorate our foreign trade efforts and shall become an effective vanguard in the further opening up to the world."

#### Mental Liberation of the People of Yantai is of Crucial Importance

To comply with the demands of further opening up to the world, to make full use of our advantages and to create a new overall situation in our foreign trade work in Yantai, we must now energetically attend to a large number of things, but if Yantai wants to move forward and dare enter into competition with the other 14 fraternal cities that are being opened up at the same time, the mental liberation is of crucial importance. Yantai's Foreign Trade Bureau recently called a meeting of leading cadres especially to study the policies of the party, thereby working for increased ideological liberation, in order to adapt to the new situation and to courageously remove all restraints.

As far as work is concerned, we must concentrate on the firm foundation for commodity supplies and effectively build up Yantai as a base. The foreign trade departments of Yantai must gradually establish ways that link industry with trade, agriculture with trade and domestic trade with foreign trade. Production and marketing must be linked. Domestic and foreign marketing must be linked, and there must be an ability to respond to the changes in the demand in the domestic as well as in the foreign markets. In concrete terms: first, select some commodities that have good developmental prospects, undertake their production in joint ventures with the industrial and agricultural departments, with a sharing of all profits and risks; second, actively build bridges for the importation of foreign capital, to engage in the three types of undertakings and act as exporting agents. At present,



joint ventures with foreign firms are already in operation in such fields as the raising of prawns, exports of activated argil and feathers, and further cooperation for the production of scallops is now being studied. These forms of cooperation establish firm and reliable foundations for resources of future exports.

At the same time, foreign exchange is being actively utilized to promote and restructure local industries, action being taken in three respects: first, assisting industrial departments in renovating old enterprises, speeding up the upgrading and modernizing of products, and continuously raising the competitive strength of our industrial products in the international markets; second, developing aquatic breeding in shallow waters of the sea and expanding the export of marine products; third, energetically developing the processing of imported materials, with special emphasis on machine fittings, special handicrafts (diamonds, polyester-silk flowers, cloth toys), plastic articles, clothing, marine products, etc. Through the efforts of 3 or 5 years, we shall raise the present 20 percent being spent on procurements of domestic materials for processing to 50 percent or more.

Bureau chief Wang told this reporter that Yantai Municipality is already designating a kind of oasis of 10 square km at the eastern slope of Dongshan Mountain in the western suburb of Yantai as an economic development zone, inviting friends from all countries to cooperate. Yantai will first of all build on this lot, located amidst beautiful scenery, an "International Trade Hall," as a service center at international standards, to provide comprehensively information, auxiliary services, agency and commission facilities etc., for the development of Yantai's foreign trade and to effect a further opening up of Yantai. Bureau chief Wang also said that it is planned to operate the Hall in cooperation with foreign firms and to import 150 taxis to take care of the entire traffic to and from the Hall.

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ECONOMIC MANAGEMENT

LI GUIXIAN SPEECH ON ENLIVENING ENTERPRISES

SK060554 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 5 Feb 85

[Text] At the provincial forum on enlivening large state enterprises, Vice Governor Li Guixian stated that in order to enliven large enterprises, governments at all levels and leading organs in charge of economic work must ceaselessly simplify administrative procedures and delegate power to lower levels to take charge and to create conditions for enlivening large enterprises.

Li Guixian pointed out: In accordance with 10 regulations on expanding the decisionmaking power of state enterprises by the State Council, our province and all cities have worked out additional regulations on expanding powers and created initiative to enliven the enterprises. At present, governments at all levels and leading organs in charge of economic work do not completely delegate powers to large enterprises, so they cannot take charge of enlivening their economy. Thus, simplifying administrative procedures and delegating power to lower levels is still a task of extreme importance in enlivening large enterprises.

Li Guixian pointed out: At present, the key to simplifying administrative procedures and delegating power to lower levels is to consolidate companies, to simplify administrative organs, and to raise work efficiency.

He pointed out: In the past few years, many administrative companies and companies have been set up that were rigidly knocked together at the provincial and city levels.

This not only increases administrative levels and load for the enterprises but also retains the enterprises' powers and seriously interferes in the scope of their decisionmaking powers. Therefore, the requirements and principles for consolidating companies are to retain such genuine economic entity companies tightly linking production and supplies as the Anshan Iron and Steel Company and the Liaoyang Petrochemical Fiber General Company and to abolish companies that do not conduct economic cooperation with domestic firms but only establish ties within their own trade. The large enterprises that joined the companies in the light of administrative instructions are allowed to resign from the companies. We should abolish titular companies that were organized in the course of organizational restructure and various supply companies and supply and marketing companies that cannot create conditions for material supply to enliven the

enterprises but only make out an invoice to ask for management charges. Enterprises have the power to make decisions on acceding to and resigning from the production cooperative companies that are conducive to conducting cooperation and developing trade. Responsible departments cannot force enterprises to accede to or resign from companies. The main tasks of the companies are to help enterprises conduct cooperation and to serve the enterprises. The companies cannot interfere in the enterprises' production and management or exercise government functions among enterprises. Advisory service companies organized and established by responsible departments should be entities that conduct independent management and assume sole responsibility for their profits and losses, and establish economic relations with enterprises through contracts, but cannot rely on functions of responsible departments to enforce administrative management among enterprises or arbitrarily ask for management fees from enterprises.

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ECONOMIC MANAGEMENT

HEILONGJIANG CONVENES FORUM ON REFORM OF COUNTY ECONOMY

SK280509 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT  
27 Jan 85

[Text] The forum on the experimental work concerning the overall reform of the economic structure at the county level held in Qinggang County by the provincial CPC Committee and government concluded today. The forum emphasized studying ways to achieve in-depth development of the overall reform of the economic structure at the county level. Hou Jie, deputy secretary of the provincial CPC Committee and vice governor of the province, spoke at the forum. He said: The reform at the county level must be carried out. Leading comrades at all levels of all departments should fully understand the necessity and urgency of the reform, and conscientiously and successfully carry out the experimental work in pilot counties. This year, the reform in the pilot counties should be expedited. Attention should also be paid to the reform of other counties and that of trades.

Hou Jie pointed out: The central task for the overall reform of the economic structure at the county level is to develop commodity production, enliven the urban and rural economy, improve the production capacity of society, and ensure that grain production, the diversified economy, and township enterprises develop abreast; that the income of the state, the locality, the enterprise, and the individual increase simultaneously; and that the material civilization and spiritual civilization are promoted at the same pace.

Reform should be carried out in various fields. In reforming the county and township leadership system, we should, first of all, simplify party organs and strengthen economic organs. County and township governments should take charge of the economic work primarily using economic means and should serve grassroots units and enterprises.

Second, we should establish a parallel economic system at enterprises on the basis of the principle of voluntary participation, mutual benefit, independent operation, and sole responsibility for profit and loss to satisfy needs in specialized and commodity production.

Third, we should reform the ways of operating enterprises. Industrial and commercial enterprises should be given a free hand. They should institute the system of directors and managers assuming full responsibility, and introduce the contract system in order to expand their powers and responsibilities, and gain more vigor in operation.

Fourth, we should reform the system of circulating commodities between urban and rural areas; establish an open, multi-channel system with fewer intermediate links, with cities as the center, surrounded by small towns; expand the regulatory role of markets; conduct both retail and wholesale businesses; and set up various kinds of trade centers and wholesale markets.

Fifth, we should reform the financial management system. Pilot counties should enforce the system of deciding on the categories of taxes, fixing revenue and expenditure quotas, and assigning quotas to each level, and the quotas should remain unchanged for 5 years. Townships should have their own revenue and expenditures, which should be assigned by counties.

Sixth, we should readjust the rural economic structure, and develop breeding industry, township industries, and tertiary industry in line with local conditions.

Seventh, we should successfully carry out the overall reform at the township and town levels. The power to manage the personnel and financial and material resources of state enterprises and establishments in rural areas should be delegated step by step to the towns and townships where these enterprises and establishments are located.

Hou Jie said: The overall reform of the economic structure of counties is a major work concerning policies, which involves many areas. Leading party and government departments at all levels should conscientiously strengthen leadership, explore new ways in the course of reform, and broaden the field in which successes can be guaranteed. We should never have a wait-and-see attitude, but should sum up experiences and advance steadily.

Qinggang, Hailun, Zhaodong, Huachuan, Nehe, Shangzhi, and Hailin counties introduced their experiences in restructuring the economy.

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ECONOMIC MANAGEMENT

LI RUIHUAN ON DEVELOPING TOWN, TOWNSHIP ENTERPRISES

SK310413 Tianjin City Service in Mandarin 0030 GMT 31 Jan 85

[Text] At a special subject discussion meeting of the municipal rural work conference on the morning of 30 January, Mayor Li Ruihuan pushed forward the municipality's principles and orientations for developing town- and township-run enterprises.

He pointed out: the development of town- and township-run enterprises is a means for rural and urban development. The town- and township-run enterprises in rural areas are an important part of the newly arising industry. These enterprises should expand the supply of their products in planned and step-by-step manners and help suburban counties produce some decent things. Towns and townships should be mutually supplementary, seek prosperity cooperatively, and make progress coordinately.

Li Ruihuan said: With regard to the development of town- and township-run enterprises, our municipality is still far behind the advanced localities. The main reason for this is that our municipality's industrial plan is not reasonable enough and the control in some fields that should have been relaxed was not. From now on, [words indistinct] should gradually be turned from urban areas to rural areas. In principle, new industries that are suitable for rural areas should be arranged in rural areas. Urban areas should develop high-grade, precision, and advanced industries and products. Only by doing so can the urban transformation and development progress smoothly, and will satellite towns emerge in the coming spring.

At the discussion meeting, Mayor Li Ruihuan paid much attention to the preparatory work for the construction of a small power plant [words indistinct] and urged the municipal government and relevant departments to vigorously support the construction.

Vice Mayors Wu Zhen, Liu Zengkun, and Liu Jinfeng set forth opinions on how to develop town- and township-run enterprises.

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ECONOMIC MANAGEMENT

GUANGZHOU'S REN ZHONGYI HAILS BUSINESSMAN'S INITIATIVE

OW281115 Beijing XINHUA Domestic Service in Chinese 0032 GMT 26 Jan 85

[BY reporter Tang Wei]

[Text] Guangzhou, 26 January (XINHUA)--Gao Deliang, an individual businessman who runs a food service in Guangzhou, made a timely proposal to the Guangdong Provincial CPC Committee regarding strengthening foreign exchange control. Ren Zhongyi, first secretary of the Guangdong Provincial CPC Committee, praised Gao Deliang's concern for the interests of the state.

Gao Deliang runs a Guangzhou store selling traditional food: "Grandpa Chicken." In running his business, he discovered that to reap staggering profits, some localities and units have totally ignored state regulations on foreign exchange control, and have adopted various measures to illegally sell and buy foreign currencies, seriously affecting the state's monetary management. On 6 January, Gao Deliang telephoned the provincial CPC Committee to report on this malpractice infringing on the state interests and to voice his opinion on strengthening foreign exchange control.

The responsible comrades of the provincial CPC Committee paid strict attention to the situation reported by Gao Deliang. Comrade Ren Zhongyi said: "Comrade Gao Deliang is an individual businessman. His report to the provincial CPC Committee on this important policy issue is commendable. The leadership in the province and in Guangzhou City must attach great importance to this issue and must instruct the departments concerned to resolutely adopt measures to tackle the issue." Soon after, a deputy secretary and a comrade of the general office of the provincial CPC Committee invited Gao Deliang to give his report and make his proposal to the provincial CPC Committee.

Gao Deliang, who will be 35 years old this year, has strictly followed the policy on commodity pricing and taxation and has ensured food quality. His chicken is well received by the masses and his business is growing. He is currently preparing to open a "Grandpa Chicken" restaurant to expand his business and export his "Grandpa Chicken."

CSO: 4006/350

ECONOMIC MANAGEMENT

YIN FATANG AT XIZANG SYMPOSIUM ON 'GETTING RICH'

HK061156 Lhasa Xizang Regional Service in Mandarin 0500 GMT 5 Feb 85

[Excerpts] The symposium of advanced individuals and advanced collectives in the mountainous areas in getting rich through hard work ceremoniously opened in Lhasa on the morning of 4 February. At 1000, amid the cheerful sound of drums and music, approximately 500 representatives from all prefectures and cities and regional subordinate organs lined up and entered the meeting place.

Last year, under the cordial concern of the CPC Central Committee and the State Council, our region resolutely and seriously implemented the central authorities' important instruction on Xizang work and, proceeding from realities, carried out reform of the economic structure in the urban and rural areas and formulated a series of specific flexible policies and measures to further invigorate our region's economy. These policies and measures met with the warm support by the people in all urban and rural areas throughout the region. The development of the region's excellent situation was further promoted. At present, over 95 percent of the herdsmen's households in our region are implementing the production responsibility system that households can breed livestock which belong to brigades by contract, can carry out operations on their own initiative, and can dispose of their products on their own initiative. Over 90 percent of peasants' households are implementing the production responsibility system that the land is used by households by contract and households can carry out operations on their own initiative and can dispose of their products on their own initiative, which will remain unchanged for a long time. A large number of specialized households which have gotten rich through hard work, and all kinds of economic combines have emerged. The party's policies on enriching the people have brought about a good harvest in agriculture and animal husbandry. Last year the region's output of grain amounted to some 960 million jin, recording an increase of some 30 percent over the preceding year. The rates of livestock recorded and sold and the commodity rate of livestock were higher than in the preceding year.

Yangling Duojie, secretary of the regional CPC Committee, spoke at the opening ceremony of the symposium. The Regional CPPCC Committee, the Provincial Department of the Xizang Military District, four prefectures and one city--Lhasa, Nagqu, Xigaze, Qamdo, and Shannan--and 18 units of regional subordinate



organs have sent congratulatory telegrams and messages to the symposium.

Responsible comrades of the regional party, government, and army and the regional CPPCC Committee, including Yin Fatang, Pagbalha Geleg Namgya, Redi, Ba Sang, Wang Xinquan, Dan Zeng, (Jiang Hongquan), Shengqin Luosangjianzan, Xuekang Tudengnima, Langjie, Peng Zhe, Yang Zongxin, Pu Qiong, Zheng Ying, (Lunduo Taokai), Lamin Suolang Lungzhu, Jimzhong Gyaincain Puncog, Gaxoi Qoigyai Nyima, and Liu Yongkang, attended the opening ceremony of the symposium.

After the conclusion of the opening ceremony, leading comrades of the region went to the hotels where various groups are staying in order to visit and give cordial regards to the representatives from various places. They inquired about the situation in getting rich through hard work and encouraged them to make sustained and redoubled efforts and to lead all others to get rich together.

On the morning of 4 February, responsible comrades of the regional party and government, including Yin Fatang, Redi, Yangling Duoje, and Pagbalha Geleg Namgya, went to the place where the 73 Qamdo representatives are staying, who are attending the regional symposium of advanced individuals and advanced collectives in getting rich through hard work, and paid visits to them.

On 4 February at noon, Yin Fatang, first secretary of the regional CPC Committee, cordially visited representatives who are attending the regional symposium of advanced individuals and advanced collectives in getting rich through hard work. He talked with people who have got rich through hard work about the latter's experiences and plans.

CSO: 4006/365

ECONOMIC MANAGEMENT

LEI YU REVIEWS HAINAN'S ECONOMIC SITUATION

HK311334 Haikou Hainan Island Service in Mandarin 0400 GMT 30 Jan 85

[Text] At the district meeting on economic work, which was held yesterday, Lei Yu, principal responsible person of the district people's government, said, last year the district's situation in implementing economic work was so good that we made remarkable achievements in economic construction. The growth rate for the gross industrial and agricultural output value exceeded that of the state and the province. In forming this year's plan, we must act according to the actual conditions and to our capability. We must try our best in the work so as to ensure overfulfilling the assigned targets of the Sixth 5-Year Plan.

The district's social and economic development situation last year was the best for the past 30-odd years. The gross industrial and agricultural output value has risen above the 3 billion yuan level, an increase of 18.27 percent over the previous year. Agricultural production has made brilliant achievements in an all-round way on the basis of increasing the output volume for 4 years in succession. Various tropical cash crops have experienced remarkable development, and the whole rural economy has maintained steady growth.

Last year, the district's budgetary industrial enterprises put an end to the situation of breaking even in income and expenditures, and achieved increases in both output value and tax delivery. Profits have increased by 8.32 times over the previous year. The district's 24 key budgetary construction projects were carried out quickly; while education, science and technology, culture, public health, and sports undertakings have also greatly developed. Therefore, the market is prosperous, the prices remain steady, and the people's livelihood has further improved.

Comrade Lei Yu urged, when working out this year's plan, we must pool our efforts in continuing to grasp well the building of basic facilities for energy resources, communications, telecommunications, tourism, and so on. In the meantime, we must try our best to increase the investment in education and the building of old liberated areas and mountainous areas, particularly minority nationality areas. Various trades must strive to increase their economic results. In agriculture, we must focus on readjusting the production structure. In industry, we must strengthen the consolidation and transformation work and entirely eliminate operating losses. Financial and trade enterprises

must focus on improving their services. The planning departments at all levels must do well in the structural reform according to the actual conditions, and really strengthen the overall balance, in particular, the balance between capital and raw materials, and between production and sales. The departments must also strictly examine and supervise the implementation of plans. We must do well in coordination and in the work of maintaining the overall balance, so as to ensure that the plans will be accomplished smoothly and that we shall achieve better economic results.

CSO: 4006/350

ECONOMIC MANAGEMENT

GUANGZHOU CITY CPC LEADER LISTS ECONOMIC TASKS

HK280247 Guangzhou GUANGZHOU RIBAO in Chinese 14 Jan 85 p 1

[Report: "Strive to Realize the Objective Doubling 3 Years Ahead of Schedule"]

[Text] "Doubling 3 years ahead of schedule, completing the renovation of equipment within 3 years, taking the lead in the 'three requirements' and beautifying the city of Guangzhou in 3 years." This is the task recently proposed in Guangzhou by Xu Shijie, secretary of the City CPC Committee, to suit to the new situation.

Comrade Xu Shijie delivered a speech entitled "Go All Out and Go In for Reform and Development in a Big Way" at the citywide planning and financial meeting and meeting for secretaries of county CPC committees of all counties between 5 and 11 January.

In his speech, Xu Shijie pointed out that the present situation is fine, but also pressing. According to him, 1984 was a year in which Guangzhou scored important achievements, and there were many laudable events. In 1984, the Central Committee listed Guangzhou as one of the 14 coastal port cities further opening to the world, and the State Council approved independent planning for Guangzhou making it explicit that Guangzhou was to enjoy economic managerial power at provincial level and agreeing to Guangzhou's running an economic and technological developing zone. Commercial work was conducted comparatively briskly in the city in 1984, on the basis of opening the market for fresh water fish and poultry; the vegetable market was also opened up in 1984, and more shopping centers and storehouses have been built, which has promoted the production and circulation of commodities. The city's gross industrial and agricultural output value rose by 12.24 percent in 1984, a record year for rate of growth. big progress was made in work of importing foreign funds, installation, and technology. Generally speaking, the situation was fine, and it was a year in which important achievements were scored. However, the situation is also pressing. At present, the open coastal cities and regions are all running a race. Although the growth rate of the city's gross industrial and agricultural output value in 1984 was faster than in any other year in the past, the gap was still great compared with the whole nation, the whole province, and advanced cities. Therefore, we must mobilize at once and be ready to go all out to meet the requirements of the excellent situation confronting us.

In reference to what Xu Shijie said about the tasks for Guangzhou, they can be summed up as "doubling 3 years ahead of schedule, completing the renovation of installations within 3 years, taking the lead in the 'three requirements,' and beautifying the city of Guangzhou in 3 years." According to him, "doubling 3 years ahead of schedule" means striving for the fulfillment of the target of doubling the gross industrial and agricultural output value of the whole city on the basis of 1980, 3 years ahead of schedule (in 1987), with an average annual growth rate of 10.97 percent, under the premise of improving economic results. "Completing the renovation of equipment within 3 years," means striving to transform all the major equipment in the key trades and key enterprises of industrial departments within 3 years. "Taking the lead in the 'three requirements,'" refers to the aim that Guangzhou should take the lead among all other open coastal cities in opening to the world in accordance with the requirements of the State Council concerning the three aspects of upgrading traditional products, developing new products, and opening up the world market. "Beautifying the city of Guangzhou in 3 years," means grasping well the building of spiritual civilization while taking a good grasp of building material civilization, so as to step up the pace in beautifying Guangzhou.

Comrade Xu Shijie pointed out that we have the basis and conditions to fulfill these requirements; hence, they are feasible. According to him, at present, Guangzhou has a comparatively good industrial base, and tertiary industry is developing rather fast; Guangzhou has signed a large number of contracts with foreign businessmen on imports; a few years ago mainly hotel projects were imported, but in the past 2 years, mainly industrial projects have been imported, among which many is comparatively advanced technological equipment, in addition, the period for capital construction has been shortened, and the economic power of enterprises has been strengthened. Now we have a bicycle industrial corporation, sewing-machine industrial corporation, the Baiyunshan pharmaceutical works, a cambric silk spinning factory, a refrigerator manufacturing factory, Nanfang mansion, and the Dongfang hotel--a number of good enterprises which have played a leading role in reform and opening to the world to provide us with experience--all this has become our foundation. In reference to conditions, the most important favorable conditions of Guangzhou are being an open city, having an independent plan, and enjoying economic managerial power at provincial level. Since 1980, Guangzhou has developed its industrial and agricultural production at an average annual growth rate of 10 percent; with these favorable conditions, the development rate can be still greater.

According to Xu Shijie, there are still difficulties in fulfilling the task for our city. They are mainly in two aspects: First, our minds have not been emancipated enough, old ideas, old ways, old systems and old measures have restricted the pace of reform and opening up; and second, the grave shortage in power, which has restricted economic development. He said that the crucial question now is that the leading comrades of party and government organizations at all levels should earnestly study and implement the "Decision of the CPC Central Committee on Reform of the Economic Structure," and the spirit of the talk of Comrade Zhao Ziyang during his inspection tour of Guangzhou and the Zhujiang Delta area; further emancipate the minds, step up the pace of reform and opening up, adopt measures to solve the weak links in production and the difficulties caused by the restriction of power and strive to fulfill the tasks for Guangzhou.

Xu Shijie also talked about the reform and opening up of Guangzhou. According to him, there should be reform on a large scale in 1985, and this is the prerequisite for stepping up the pace in economic development. The comrades of the state restructuring of the Economic System Commission require Guangzhou to take the lead in reform among other cities, and hope that we dare experiment even if we have no stipulations from above. However, we have not earnestly studied and implemented many reform measures which have been determined by the higher levels, we have failed to catch up mentally. We still have the slave mentality, and we are like slaves who are used to standing and dare not sit down even when given a chair. We do not know how to use the policy and power endowed on us by the Central Committee, and we have not studied them well and got familiar with them. Since the 3d Plenary Session of the 11th Central Committee, the Central Committee and the State Council have issued many documents on reform. Many of the documents are the specifications of the reform of the economic structure, which give the enterprises very great powers, and we must study and implement them well.

Xu Shijie dealt specifically with streamlining of administration and the delegation of city power, the implementation of the responsibility system of directors, and his opinions on the implementation of the planning system, the financial system, and the reform in the wage system. He pointed out that it is necessary first to streamline administration and delegate powers, to genuinely make the enterprise lively, and to implement the separation of government from enterprises. At present some of the bureaus have changed into general corporations; however, they are not economic bodies and this does not conform to the stipulations of reform. As general corporations, they should be economic bodies and give up their administrative power. It is hoped that all bureaus will act as enlightened "mothers-in-law" and refrain from controlling things they should not control, and handle affairs resolutely in accordance with the "Decision of the CPC Central Committee. If they were not doing a good job in this aspect in 1984, they should carry out the "Decision" to the letter in 1985.

With regard to opening up to the world, Xu Shijie said that Guangzhou should be a key open city. Premier Zhao has proposed that an open city "should have double functions and play the role of an axis," which means that an open city should face to the outside and the hinterland as well. It is necessary to grasp a number of comparatively large-type projects which have better economic results and are quick to put into production. Industries such as foodstuffs, textiles, electrical appliances for home use, and electronics should be developed faster in Guangzhou.

Comrade Xu Shijie's speech roused a strong response at the meeting. Everyone said that they must make use of the excellent situation and the favorable conditions, draw up measures and implement all the tasks in the work of their own departments or units. The responsible comrades of many units could hardly wait, and returned to their own units during the course of the planning and financial meeting to call enlarged CPC Committee meetings, relaying and implementing the spirit of the meeting promptly. The Guangzhou electronic industrial corporations hold that although their system has developed production comparatively quickly in recent years, there is still a rather large gap compared with

some areas in the province. Guangzhou's electronic industry used to account for 40 percent of the whole province, but it dropped to 14 percent in 1984; if they fail to make bigger strides, they will face the danger of being elbowed out. Therefore, they have proposed the target of octupling the gross annual output value 3 years ahead of schedule, and have drawn up corresponding measures. Originally, the city Second Light Industry Bureau considered increasing the output value of the system by 10 percent, but, through discussion, they have decided to raise it to between 14 and 17 percent, and to strive to realize the target of doubling 3 years ahead of schedule.

CSO: 4006/350

ECONOMIC MANAGEMENT

HENAN URGES IMPLEMENTATION OF MANAGER RESPONSIBILITY SYSTEM

HK280929 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 27 Jan 85

[Station commentary: "We Should Seriously Implement the Responsibility System for Plant Managers, Speed Up Structural Reform of Enterprise Leadership"]

[Excerpts] The decision of the 3d Plenary Session of the 12th CPC Central Committee on reform of the economic structure has clearly pointed out: The key to the reform of economic structure is invigoration of enterprises. With this key in mind, we must handle a correct relationship between the state and enterprises, and between enterprises and workers. The system of enterprise leadership is a reflection of the relationship between the state and enterprises; as well as the relationship between enterprises and workers. Therefore, we should attach importance to the reform of the enterprise leadership system, and treat it as an important part of the economic structural reform as a whole. Also, we should grasp the reform firmly and well.

The majority of the province's enterprises presently follow a responsibility system for plant managers, which is led by the CPC Committee. Facts have shown that this system has many drawbacks, though possessing a certain kind of initiative. The plant managers shoulder no responsibility in terms of decisionmaking power, profit making, and legal action, which does not conform to the requirement of the modernizations.

The decision of the CPC Central Committee on reform of the economic structure has pointed out: Modern enterprises have a minute division of labor, a high degree of continuity in production, strict technological requirements and complex relations of cooperation. It is therefore necessary to establish a unified, authoritative, and highly efficient system to direct production and conduct operations and management. This calls for a system of the director or manager assuming full responsibility. When implementing the system of the director of manager assuming full responsibility, we must clarify and settle several problems.

First, we should have a correct understanding of the status and function of CPC committees in enterprises. An enterprise is an economic entity, while production and operation are the focal point of its work. Entrusted by the state, the director is responsible for the production, operation and unified leadership. But its CPC Committee only functions as a supervisory organ. It is one-sided view that some people regard the CPC leadership over enterprises as CPC committees leadership over them.



Second, while allowing directors to play their role, we must strengthen simultaneously the production and operation and the ideological and political work, as well as the democratic organization of workers. After the implementation of the system of the director or manager assuming full responsibility, we must give full play to trade unions and workers' representatives in the areas of discussing important decisions of enterprises, supervising the administrative leadership, safeguarding the legitimate rights of workers, and so on; so that we shall maintain the workers' status of being the masters of their own affairs. This is also a major point which differentiates the system of the director or manager assuming full responsibility from the system of one-man leadership.

Third, mandated by the state, the director should be responsible to the state when managing the enterprise. Meanwhile, being the representative of the corporation, the director must also be responsible to the workers.

Fourth, various governments and departments concerned must take a further step in streamlining administration and instituting decentralization, so as to create favorable conditions for implementing the system of the director or manager assuming full responsibility.

CSO: 4006/350

ECONOMIC MANAGEMENT

LI LIAN URGES YOUTHS TO DEVELOP TERTIARY INDUSTRY

SK020413 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 1 Feb 85

[Excerpts] At the summing-up and commendation rally held on 1 February by the Harbin City Youth Integrated Industrial General Company, Li Lian, secretary of the provincial CPC Committee, said: Tertiary industry has a great future, and is a completely new industry. He stressed the necessity to foster ideas of carrying out reform and blazing new trails, and to let the young people organize themselves to engage in tertiary industry.

Since its inauguration, the Harbin City Youth Integrated Industrial General Company has aimed at employing jobless youths, has upheld the principles of voluntary participation, raising funds privately, assuming sole responsibility for its profits or losses, and keeping the initiative in its own hands, has refused to ask for money from the state, and has organized more than 4,000 job-waiting youths to initiate 149 enterprises, thus opening up a feasible way for job-waiting youths to find jobs. At the rally, (Yu Chungsheng), deputy manager general of the company, announced that this year, this company plans to net 1.5 million yuan of profits, give as many jobs to job-waiting youths as possible, increase the total number of workers and staff members to 6,500, and initiate a new tourist service company.

Having appreciated the company's spirit of striving to become stronger, supporting itself, and blazing new trails, Li Lian said: Your achievements prove that the young people organizing themselves to independently select and engage in their jobs is completely correct and very respectable. It is an important content of the economic reform to vigorously develop tertiary industry, to gradually rationalize the entire economic structure, to open up diversified employment sources, and to develop various forms of the economy. Li Lian hoped that there will be even more young comrades who engage in tertiary industry with a reformative spirit, like the Harbin City Youth Industrial Company.

CSO: 4006/350

ECONOMIC MANAGEMENT

GUANGDONG HOLDS FORUM ON MODERNIZING BUSINESS MANAGEMENT

HK050805 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 Feb 85

[Text] At the provincial forum on modernization of business management in enterprises which ended today, the Provincial Economics Commission raised demands on the enterprises which have successfully carried out consolidation, calling on them to lose no time in switching the focus of their work onto modernization of business management centered on raising economic efficiency, so as to strengthen their abilities to meet emergencies and compete with others and to bring about a benign cycle of achieving beneficial results, raising efficiency, and achieving continuous development.

Last year, about 30 percent of the enterprises in the province carried out modern business management, widely upgrading the quality of the enterprises and raising economic efficiency. About 80 percent of the enterprises in the province have now successfully carried out restructuring, thus creating favorable conditions for further strengthening business management.

This forum was held by the Provincial Economics Commission in Shaoguang City.

At the forum, 14 units, including the Shaoguang City Economics Commission, the Shaoguang Gear Plant, the Guangzhou Heavy Machines Plant, and Shenzhen's Huaqiang (Sanyo) Electronics Company briefed their experience in modern business management.

The responsible persons of all provincial bureaus and departments and all city and prefectural economics commissions who attended the forum also formulated initial plans for promoting modern business management in 1985, in connection with the reality in their own units.

CSO: 4006/350

ECONOMIC MANAGEMENT

REPRIEVED CONVICT SAVES PLANT FROM BANKRUPTCY

OW061045 Beijing XINHUA in English 0939 GMT 6 Feb 85

[Text] Beijing, 6 Feb (XINHUA)--A factory director given a two-year suspended sentence for violating building regulations has been re-elected to his job after saving the plant from bankruptcy.

Liu Tongshan was convicted in late 1983 of breaking construction rules which led to casualties, and was given a two-year jail sentence with a two-year reprieve, the newspaper, CHINA LEGAL SYSTEM, reports.

He was allowed to work under surveillance. But in his absence as factory chief, the machinery plant in Taiyuan, Shanxi Province, quickly piled up a deficit of 122,000 yuan (about 43,000 U.S. dollars). It had no money to pay its workers and was forced to close down.

Liu saw his chance to redeem himself by trying to save the plant.

Last March, he volunteered to stand in as factory director, pledging to produce 130,000 yuan's worth of goods with a profit of 40,000 yuan by the end of 1984.

His plan for straightening out the factory was approved by higher authorities and he was given a chance to try.

Liu started by reshuffling the management, studying market conditions, streamlining the staff and taking steps to automate the production processes.

Five months later, the plant had already fulfilled its annual targets for output value and profit. By the end of the year, his factory had produced 330,000 yuan's worth of goods, and had made a profit of 117,000 yuan.

The workers received average bonuses of 310 yuan, and were so pleased they unanimously re-elected Liu their official director and gave him a pay raise.

The local district court is considering reducing his sentence for his determination to mend his ways and his contributions to the factory, reports CHINA LEGAL SYSTEM. Article 71 of China's criminal law provides for the reduction of convicts' sentences provided they repent sincerely and perform meritorious services.

CSO: 4020/110

ECONOMIC MANAGEMENT

ZHEJIANG ISSUES CIRCULAR ON BUILDING INDUSTRY

OW021355 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 30 Jan 85

[Text] The Zhejiang Provincial People's Government issued a circular on 15 January to the various city and county people's governments, the various prefectural administrative offices, and units directly under the provincial government. The circular stipulated that the provincial government has decided to reform the management system of the building industry and capital construction in an all-round way.

Beginning this year, the province's capital construction projects, particularly the key state and provincial construction projects, must adopt the contract system for investments. The various departments and localities can set up comprehensive and specialized engineering contract companies in light of construction needs. It is necessary to reform the methods of supplying building materials and equipment, and at the same time reform the management of construction funds. Beginning this year, all construction projects funded by state investments or provincial outlays must change from the previous financial appropriations to bank loans. Projects funded by prefectural, city, and county appropriations can also be changed to bank loans.

The circular called for vigorously promoting the tender-contract system for the various engineering projects. At the same time, all construction enterprises are required to institute the system of calculating wages according to the 100 yuan output value. All survey and design work must follow standard business management. On the reform of urban construction, the various prefectures, cities, and major counties must set up comprehensive urban development corporations.

CSO: 4006/342

ECONOMIC MANAGEMENT

YUNNAN GOVERNOR ANNOUNCES NEW 5-YEAR FINANCIAL SYSTEM

HK281257 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 27 Jan 85

[Text] At the recent provincial conference on planning, finance, and commerce, Governor Pu Chaozhu announced that beginning this year, the whole province will implement the financial system of dividing the categories of taxes, checking and ratifying revenue and expenditure, and assigning full responsibility at different levels, which will remain unchanged for 5 years.

The aim of implementing the new financial system is to increase local revenue, to strengthen the vitality of cities and counties, to fully arouse all levels' and places' enthusiasm for becoming masters of their own affairs and conducting financial transactions, and for taking such measures as are suited to their local conditions to give play to their superiority, and to speed up the development of commodity economy and all causes.

In assigning full responsibility for financial transactions this time, revenue at the closing of accounts of 1983 will be regarded as the base and expenditure in the 1983 budget, after deduction of special funds which were not included in the sphere of responsibility and were issued once only, and the addition of a share of the excess revenue in that year, will be regarded as the base. After the bases are fixed, places where revenue is greater than expenditure must submit to the state the amount within the base figure. Regarding the amount exceeding the base, except for individual items otherwise stipulated by the central authorities and the province, it will be distributed in proportion. For places where expenditure is greater than revenue, the amount of subsidies will be fixed and will remain unchanged for 5 years.

In specific policies on assigning full responsibility, proceeding from reality, we must not demand uniformity in everything. The provincial government must not interfere with the interests of any locality, must not pursue egalitarianism, and must protect the profits earned by all localities. The provincial government must take proper care of the poor places. In accordance with the provisions of the law of regional autonomy of minority nationalities, in the coming 5 years the minority nationality autonomous prefectures where revenue is greater than expenditure must submit a certain amount to the state. Regarding the amount in excess of the base, except for individual items

otherwise be retained by the autonomous prefectures for their own use. In the autonomous prefectures where a fixed amount of subsidies is issued, the amount of subsidies will increase by a certain proportion every year.

After the implementation of the system of assigning full responsibilities, except for the change in subordinate relationships and the change in categories of taxes paid among enterprises and institutions, regarding the increased income of the large and medium-sized enterprises invested in by the central authorities and the province or jointly invested in by them after these enterprises are put into operation, where there is a serious natural disaster or an important change in the policy or the system, the central authorities or the provincial government will readjust the base or will appropriate the increased income as special funds. Governments at all levels will become masters of their own affairs and can conduct their own financial transactions. They can spend more when they have more revenue or they can spend less when they have less revenue. They must ensure a balance.

CSO: 4006/342

FINANCE AND BANKING

QINGHAI HOLDS MEETING OF CONSTRUCTION BANK MANAGERS

HK011442 Xining Qinghai Provincial Service in Mandarin 1100 GMT 31 Jan 85

[Text] The provincial meeting of construction bank branch managers ended on 29 January. The meeting put forth this year's major tasks, namely, completely reform the methods for controlling construction funds, vigorously develop the credit business, support priority construction projects and technological innovation, and try to change construction banks into investment banks.

The meeting decided to completely reform the method for controlling construction funds from this year, namely, changing the method of allocating funds to that of granting loans. It demanded that construction banks in all localities, while properly performing their financial functions, bringing into full play their role in the credit business, correctly use loans as an economic lever, and properly control and lively use construction funds. They must switch the focus of their work from controlling the allocation of funds to controlling loans, vigorously raise construction funds, and continuously expand the scope of the credit business.

The credit business of all construction banks must cater to the needs of the existing enterprises and promote them to tap their potentials, to replace old equipment, to achieve transformation, and to raise economic efficiency.

All bank branches must dispatch personnel to investigate production, supply, and marketing of enterprises and their financial status, gradually set up economic files on projects for which loans are to be released, and selectively grant loans to good projects so as to raise the efficiency of the credit business.

In order to speed up economic construction in Guoluo and Yushu Autonomous prefectures, the meeting decided to adopt more relaxed and preferential methods in releasing loans in the two autonomous prefectures. Provided there are bank savings in the two autonomous prefectures, no limits and [words indistinct] should be set on granting loans.

CSO: 4006/342



FINANCE AND BANKING

BRIEFS

LIAONING STATE BOND PURCHASE--The state-assigned treasury bonds for Liaoning Province in 1985 is 350 million yuan, an increase of 130 million yuan over 1984. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 31 Jan 85 SK]

NEI-MONGGOL PEOPLE DEPOSIT INCREASE--According to statistics compiled by the regional commercial and agricultural banks, the total deposits of both urban and rural people in the region reached more than 2.18 billion yuan by the end of 1984. The total urban deposits reached 1.463 billion yuan, a more than 130 million yuan increase over the 1983 figure. The total rural and pastoral deposits reached 720 million yuan, a more than 170 million yuan increase over the 1983 figure. [Excerpts] [Hohhot NEIMENGGU RIBAO in Chinese 24 Jan 85 p 2 SK]

HEILONGJIANG INDUSTRIAL LOANS--From 1980 to 12 December 1984, construction banks in Heilongjiang Province issued some 846 million yuan of loans for some 4,500 key enterprises to carry out technical transformation. According to incomplete statistics, the 3,600 enterprises which had completed their transformation projects increased their industrial output value by more than 4 billion yuan and their profit and tax handed over to the state by more than 390 million yuan from January to November last year. [Summary] [Harbin HEILONGJIANG RIBAO in Chinese 9 Jan 85 p 2 SK]

NEI-MONGGOL REVENUE--The Nei Monggol Region's revenue of 1984 reached 860 million yuan, an increase of 140 million yuan, or 20.2 percent, over 1983. Compared with 1983, the output value of local industrial enterprises increased by 12.6 percent, their income from sales of products by 13 percent, their profit by 34.4 percent, and their profits and taxes handed over to the state by 18.5 percent. [Excerpts] [Hohhot NEIMENGGU RIBAO in Chinese 3 Jan 85 p 1 SK]

NEI-MONGGOL TREASURY BONDS--The central authorities assigned Nei Monggol to subscribe for 91.35 million yuan of treasury bonds in 1985, of which 15.36 million yuan of treasury bonds will be subscribed by collectives and 76 million yuan by individuals. Compared with 1984, the subscription quota increased by 35 million yuan. [Excerpt] [Hohhot NEIMENGGU RIBAO in Chinese 8 Jan 85 p 1 SK]

HUBEI HYDROPOWER LOANS--The province's agriculture banks issued loans of some 31 million yuan to small hydropower stations in 1984. The funds were used to build and expand 116 projects of conveyance system and increase installed capacity by 60,000 kilowatts. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 30 Jan 85 HK]

NEI-MONGGOL POWER TAX REVENUES--In 1984, the Nei Monggol Regional Power Administration Bureau handed over 109 million yuan of taxes and profits to the state, surpassing its annual assignment by 20 percent. The bureau's total industrial output value reached 296.9 million yuan, a 7.2 percent increase over the 1983 figure. [Excerpts] [Hohhot NEIMENGGU RIBAO in Chinese 22 Jan 85 p 1 SK]

JIANGXI EXPANDS INSURANCE BUSINESS--Our province has established insurance business relations with 156 countries and areas. The amount of all kinds of property insured in the province last year increased by 36.6 percent over the preceding year. The types of insurance at home and abroad increased by 70 percent and 25 percent respectively over the year before. [Text] [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 31 Jan 85 OW]

CSO: 4006/342

MINERAL RESOURCES

BRIEFS

SHANDONG NEW QUARTZ MINE--The Shandong Geological Prospecting Team recently discovered a quartz mine in Yinan County. Specialists maintain that this is rare, good quality, and extralarge quartz reserves, and is of great value to exploitation. [Text] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Feb 85 SK]

CSO: 4006/351

INDUSTRY

HAINAN'S INDUSTRIAL OUTPUT VALUE TOPS 1 BILLION YUAN IN 1984

HK070705 Haikou HAINAN RIBAO in Chinese 15 Jan 85 p 1

[Report by Liu Yongxi [0491 3057 3556] and Wang Guoxiong [3769 0948 7160]:  
"Hainan's Total Industrial Output Value Exceeds 1 Billion Yuan in 1984"]

[Text] Hainan's industrial production in 1984 increased by a big margin. According to the figures submitted by various localities, the departments concerned estimate that the total output value of Hainan's industry has already exceeded 1 billion yuan, an increase of 25.6 percent over 1983, ranking third in the province and below only Shenzhen and Zhuhai. The profits of the local state enterprises included in the budget exceeded 20 million yuan, an increase by more than four times over 1983. The enterprises also made new progress in the work of turning deficits into profits.

Hainan's industrial production experienced a period of difficulties and hardships in the past few years. In 1977, the total output value of industry reached more than 730 million yuan, hitting all-time high. However, in the sharp market competition, industrial production dropped in the following 5 successive years. Such a passive state of affairs was not brought to an end and a favorable balance attained until 1983. The growth of 1984 indicates that Hainan's industrial production has already extricated itself from the past predicament and entered a new period of all-round development.

In order to suit the situation of speeding up the exploitation and construction of Hainan, Hainan's industrial front established a leading group for enterprise consolidation in 1984 to earnestly help the enterprises carry out the work of consolidation and reform and achieved remarkable successes in conducting consolidation and reform in the large enterprises which made profits or incurred losses. There were 16 large enterprises running at a loss by the end of 1983, incurring deficits totaling 16.51 million yuan and accounting for 60 percent of the deficits incurred by enterprises running at a loss in the whole district. By the end of 1984, 10 enterprises had turned deficits into profits, 6 enterprises had made up their deficits, and the accounts of the 16 large enterprises formerly running at a loss showed a favorable balance of over 400,000 yuan. The amount of profits made by the 11 large profit-making enterprises of the whole district also increased by 13 percent over 1983. Sugar refining is a trade which plays a decisive role in Hainan's industry. Due to poor management and other reasons, most of the 22 refineries in the Han

nationality areas suffered from deficits in 1983, incurring a total loss of 2.4 million yuan. In 1983, all counties regarded the refineries as the point of stress of enterprise consolidation and took vigorous measures to consolidate the systems of operation and management, labor discipline, and agricultural affairs of these refineries. In the work carried out in these refineries, of fixing the number of staff members and strictly controlling the recruitment of seasonal workers alone, the whole district saved 420,000 yuan in wages. In 1984, most of the refineries turned deficits into profits. The refineries in the Han nationality areas made profits totaling more than 5 million yuan. According to statistics, of the 248 local state enterprises of the whole district in 1984, 161 passed the enterprise consolidation inspection test, accounting for 64 percent. Among the total, 97 percent of the leading bodies of 170 enterprises in the Han nationality areas underwent consolidation and readjustment. After readjustment, the leading bodies of these enterprises had the following characteristics: the members were better educated and younger in average age. The enterprises invited experts who were in their prime to serve as directors and managers. They carried out bold reforms in the personnel and distribution systems. Some enterprises implemented the system of open recruitment and of directors (managers) "forming their cabinet." Around 70 percent of the enterprises eliminated in varying degrees the defects of "everybody eating from the same big pot" and implemented the system of distribution according to work, including piece rate wages, floating wages, and so on, which enhanced the vigor of enterprises.

Through consolidation and reform, the enterprises extended their decisionmaking power, which promoted the work of importing advanced technology and carrying out cooperation with counterpart organizations. A number of county- and city-run enterprises and the enterprises directly under the Hainan Administrative District attracted funds, equipment, and technology from other countries and localities to exploit and develop new sources of production. According to statistics, in 1984, the industrial enterprises in the Han nationality areas signed 146 cooperative and joint venture contracts on importing advanced technology and carrying out cooperation with counterpart organizations, the investment totaling 498 million yuan. Meanwhile, these enterprises also imported 411 sets of advanced foreign equipment. By the end of 1984, 85 projects were put into production or had started construction, 58 percent of the total number of projects signed in the year. The cooperative contracts and projects included electronics, electrical appliances, machinery, building materials, light industry, food industry, garments, and other trades, which played an important role in promoting the development of production and technical progress of Hainan's industrial enterprises. Haikou knitting mill cooperated with Guangzhou first knitting mill in producing chemical fabrics. With advanced equipment and dyestuffs imported from Japan and the FRG, the output value of the joint enterprise totaled more than 5 million yuan in only 6 months after going into operation, making a profit of over 1.1 million yuan including tax payments.

CSO: 4006/365

INDUSTRY

SHAANXI RELEASES INDUSTRIAL PRODUCTION FIGURES FOR 1984

HK301412 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 29 Jan 85

[Text] The provincial Economics Commission yesterday [29 January] held a press conference, at which (Li Jiayou), director of the provincial Economics Commission, announced relevant figures of the province's industrial production 1984, and outlined plans for 1985.

The province's gross industrial output value for 1984 was 14.42 billion yuan, an increase of 11.8 percent over 1983. The province will work hard to achieve the target of 16 billion yuan for its gross industrial output value this year, which will represent an increase of over 10 percent over last year. The profit achieved and taxes submitted should be increased accordingly. To ensure the fulfillment of the target, the provincial Economics Commission has decided to adopt 10 measures. The essence of the measures is: Speed up economic reform, further streamline administration and decentralize power, consolidate and reorganize various industrial companies, practice the manager responsibility system in the enterprises which meet the prescribed requirements after consolidation and reorganization, link total wages with the profit taxes submitted to the state, encourage enterprises to develop links and relations between departments, develop a diversified economy with the focus on [words indistinct], and vigorously promote technological advancement. The priority trades should be mechanical, electronic, textiles, and food industries, raw materials, and tourism products. The priority products should be vehicles, automobiles, forklift trucks, substation equipment, color TV sets, cameras, washing machines, chemical fibers, post-dyeing processing equipment, famous brand cigarettes, and famous brand wine. It is necessary to further strengthen enterprise consolidation and management and to actively arrange and coordinate production with the focus on resolving problems in raw materials and transportation.

CSO: 4006/350

INDUSTRY

JILIN REPORTS GROWTH OF 1984 INDUSTRIAL PRODUCTION

SK050144 Changchun JILIN RIBAO in Chinese 16 Jan 85 p 1

[Text] After 2 years of substantial industrial growth, our province continued to increase its industrial output value and profits and taxes simultaneously. According to preliminary statistics, the province's industrial output value reached 18.698 billion yuan, a 13.3-percent increase over 1983; and the profits and taxes realized by budgetary industrial enterprises reached 1.794 billion yuan, a 22.9-percent increase over 1983.

Since last year, the province's industrial production has maintained steady growth due to the inspiration of party rectification and reform of the economic structure. Instead of being restored, production has become developmental in nature. The monthly growth of industrial output value was more than 10 percent, that of light industry 11.6 percent, and that of heavy industry 14.4 percent. Collective enterprises achieved great development, and their industrial output value increased by 17.7 percent, higher than the provincial average.

Industrial enterprises in the province have achieved good results in ending deficits and increasing profits. According to preliminary statistics, compared with 1983, the province's budgetary industrial enterprises increased their output value by 12.2 percent and their income from product sales by 13.7 percent. Deficits at money-losing enterprises reached 42.83 million yuan, 53.1 percent less than in 1983. The number of money-losing enterprises also declined from 16.1 percent at the end of 1983 to 4.4 percent. An offset of profits and losses showed a net 33.4-percent increase in profits and a 14.5-percent increase in profits turned over to the state. Basically, the province has no enterprises which suffer losses due to poor management.

Technical transformation and technical progress of the enterprises have been accelerated. The provincial government has implemented a series of policies to encourage technical progress, technical transformation, technology importation, development of new patterns, and improvement of quality. The province arranged for 961 technical transformation projects with a total investment of 627 million yuan, the largest annual amount since the founding of the PRC. The province planned to fulfill 70 percent of the annual investment target, showing a 30-percent increase over 1983. A total of 16 products of the province won the state's quality awards, 60 percent greater than in 1983; and 61 products won quality awards from ministries, 79.4 percent greater than in 1983. More than 90 percent of major industrial products showed steady improvement in quality. More than 1,200 new products were produced, showing a

17.6 percent increase over 1983. New patterns and new varieties increased by more than 6,500. The 12 new technologies, emphatically popular in the province, created 140 million yuan of output value and some 36 million yuan of profit.

Enterprise consolidation has been expedited, and managerial skill level improved. As many as 99.1 percent of the province's budgetary industrial enterprises were consolidated, and were examined and approved as being up-to-standard. Twenty-nine enterprises became "six-good enterprises."

Passenger and cargo transportation targets were overfulfilled. The total railway, road, and civil aviation cargo transportation volume registered a 10.1-percent increase over 1983, and the passenger transportation volume of 11.9-percent increase. Road transportation has been developed by the state, the collective, and the individuals, and no state transportation enterprises suffered losses.

New advances were made in opening to the outside world and in economic and technical cooperation. Implementing the principle of "three openings" and "three imports," industrial departments at all levels and enterprises of the province signed contracts with foreign countries to import 86 projects, and used more than \$50 million of foreign funds, representing more than a 100 percent increase over 1983. Lateral economic contacts with other areas of the country have been expanded. The province has established regular or long-term cooperative relations with 17 provinces, municipalities, and autonomous regions, agreed on more than 1,200 cooperative projects; and imported more than 34 million yuan of funds, some 520 technology projects, and more than 1,200 talented people. The technical cooperation enabled the province to increase industrial output value by about 200 million yuan and profits and taxes by more than 40 million yuan.

CSO: 4006/350



## INDUSTRY

### XINJIANG PRODUCTION CORPS HOLDS CONFERENCE ON INDUSTRY

HK051342 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 4 Feb 85

[Text] The conference of the Xinjiang Production and Construction Corps on industry, which concluded today, decided to break with the past old conventions of running industry centered on agriculture and to regard running industry centered on the market as the guiding ideology.

While discussing how to develop industry in the corps, leading cadres at all levels of all divisions, regimental farms, and subordinate factories and mines of the corps held: The guiding ideology of running industry centered on agriculture, which was formulated in the past, does not suit the situation in developing commodity production. In accordance with the needs of the market, we must now run industry centered on the market. In doing so, we can turn the corps' advantages in resources into advantages of commodities, the advantages of commodities into the advantages of the market, and the advantages of the market into economic advantages. To realize this turn, in future industry the corps must lay stress on the development of small factories, detachments, and enterprises and on reform. Moreover, it must surely embark on some large and medium-sized projects and must strive to develop economic combines. The number two men of all divisions and regimental farms must concentrate their main energy in industrial production. Retired personnel must grasp industrial production.

The conference also decided to regard the food, fodder, building materials, textile, garment, and energy industries as the main points of the corps' industrial development. All divisions and regimental farms must vigorously help enterprises run by collectives, run by joint capital, and run by joint units as well as household factories. Under special circumstances, regimental farms can break with the conventions of regarding agriculture as the main work and can also regard industry and mining as the main work. It is necessary to link the development of industry in regimental farms with the building of modern cities and towns. Enterprises run by farms and detachments can be properly run in the vicinity of regimental headquarters. Surplus labor, after all [?agricultural] work has been assigned by contract, must be used in industry and in local industry.

CSO: 4006/350

INDUSTRY

HENAN HOLDS CONFERENCE ON INDUSTRIAL SURVEY WORK

HK051350 Zhenzhou Henan Provincial Service in Mandarin 1030 GMT 4 Feb 85

[Excerpts] At the provincial conference on general industrial surveying which ended on 2 February, Comrade Qin Kecai, Standing Committee member of the provincial CPC Committee and provincial vice governor, delivered a speech, demanding that governments at all levels and factories, mines, and enterprises attach importance to general industrial surveying, fully understand the importance of general industrial surveys, vigorously strengthen their leadership, resolve concrete problems, and make good preparations for a general industrial survey in the province.

The second nationwide general industrial survey to be conducted in the first quarter of next year will be a large-scale investigation of national conditions and national strength, as well as an extremely important basic work for building socialist modernization.

In his speech Comrade Qin Kecai emphatically pointed out that the general industrial survey in the province, which will involve some 30,000 enterprises, is very complicated and technical. Therefore, it is necessary to make various preparations. Leading cadres at all levels must deepen their understanding of the importance of a general industrial survey, set up organs for conducting general industrial surveys, attach importance to it, support it, pay attention to it, and take it up personally. The departments concerned must cooperate closely and properly resolve such specific problems as funds and offices. They must carry out pilot projects in general industrial surveying and train cadres level by level. All factories, mines, and enterprises must consolidate and strengthen the basic work of business accounting management, guarantee the quality of information derived in general industrial surveys, and conduct general industrial surveys successfully.

CSO: 4006/350

INDUSTRY

PRC TO INCREASE STEEL PRODUCTION IN 1985

OW021350 Beijing XINHUA in English 1312 GMT 2 Feb 85

[Text] Beidaihe, 2 Feb (XINHUA)--China plans to produce 44.5 million to 46 million tons of steel this year, according to Li Dongye, minister of the metallurgical industry, today.

In order to achieve the target, Li said, the government will spend 2.8 billion yuan this year on the industry's technical upgrading and expansion schemes, Minister Li said.

Li was speaking at the opening session of a national work conference on the industry in this seaside city of Hebei Province.

The massive Baoshan Iron and Steel Complex in Shanghai and Suicheng Iron and Steel Plant in Quizhou Province are scheduled to go into operation this year.

Steel production has got off to a good start this year, with the January output reaching 3.7 million tons, up nine percent on the same month of 1984.

The country turned out 43.36 million tons of steel last year, ranking fourth in the world, after the Soviet Union, Japan and the United States.

China has 13 steel plants with an annual production capacity of above one million tons. The largest is the Anshan Iron and Steel Company, which produced seven million tons of steel and 6.43 million tons of pig iron last year.

Chinese plants manufacture 1,000 varieties of special steel and rolled steel of 20,000 specifications, Minister Li said.

CSO: 4020/110

INDUSTRY

BRIEFS

BEIJING INDUSTRIAL OUTPUT--Beijing's total industrial output value exceeded 28.11 billion yuan in 1984, or an increase of 12.2 percent over 1983. The output of 18 products including steel, steel products, pig iron, and crude coal prefulfilled the targets set in the Sixth 5-Year Plan, 1 year ahead of schedule. The profits delivered to the state and the income taxes also exceeded the state quotas. [Text] [Beijing Domestic Service in Mandarin 2230 GMT 5 Jan 95 OW]

SHANGHAI INDUSTRIAL OUTPUT--Shanghai's total industrial output value reached 74.2 billion yuan in 1984, an increase of 9.5 percent over 1983 or a net increase of 6.4 billion yuan. This rapid growth has not been seen in the past 6 years. Particularly noteworthy is that Shanghai has not only increased industrial output value but raised profits and taxes as well. [Summary] [Beijing Domestic Service in Mandarin 2230 GMT 5 Jan 85 OW]

ANHUI INDUSTRIAL OUTPUT--According to statistics of concerned departments, Anhui Province's total industrial output value reached 18.39 billion yuan in 1984, or an increase of 14.9 percent over 1983. The province's industrial production has prefulfilled the target set for the Sixth 5-Year Plan, 1 year and 12 days ahead of schedule. A special characteristic of industrial production in 1984 is that both heavy and light industries developed rapidly. The light industrial output value increased 14.2 percent while heavy industry increased 15.7 percent. The total output value of industry owned by the whole people increased 10.4 percent, while the collectively owned industry increased 35 percent in 1984. Particularly noteworthy is that the township enterprises' growth rate reached 59.4 percent. [Summary] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 6 Jan 85 OW]

GUIZHOU INDUSTRIAL PRODUCTION--The province did well in reducing deficits and increasing surpluses in 1984. The number of state-run local industrial enterprises suffering losses was reduced from 205 in 1983 to 133 in 1984. The amount lost was reduced by 51.28 percent compared with the previous year. [Summary] [Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 19 Jan 85 HK]

YUNNAN INDUSTRIAL OUTPUT--Our province's gross industrial output value in 1984 reached some 10.2 billion yuan. Our province overfulfilled the quota stipulated by the Sixth 5-Year Plan by 7.1 percent, 1 year ahead of schedule. The average annual increase in the 4 years was 11.7 percent, and was 3.1 percent greater

than that stipulated by the Sixth 5-Year Plan. Of the gross industrial output value, the gross light industrial output value amounted to some 5 billion yuan. The province overfulfilled the quota by 0.3 percent, and the average annual increase was 14.4 percent and was 3.1 percent more than that stipulated by the plan. The gross heavy industrial output value was some 5.1 billion yuan. The province overfulfilled the quota by 14.4 percent, and the average annual increase was 9.3 percent and was 4.8 percent more than that stipulated by the plan. [Text] [Kinming Yunnan Provincial Service in Mandarin 1100 GMT 24 Jan 85 HK]

SHANDONG INDUSTRIAL OUTPUT--in 1984, the total industrial output value of Shandong Province reached 45.59 billion yuan and the province prefulfilled the target set by the Sixth 5-Year Plan by 1 year and 24 days. Of this, the light industrial output value was 25.08 billion yuan and the heavy industrial output value was 20.51 billion yuan. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 27 Jan 85 SK]

SHANGHAI INDUSTRIAL PRODUCTION--Shanghai, 2 February (XINHUA)--The total value of industrial output in Shanghai for the month of January 1985 reached 6.644 billion yuan, marking an increase of 11.5 percent as compared with that in the same period last year. During that month, Shanghai registered an increase of 14.6 percent in light industry, 7.7 percent in heavy industry, 8.2 percent in state-owned industries and 37.7 percent in collectively owned industries as compared with the figures for the corresponding period last year. [Summary] [Beijing XINHUA Domestic Service in Chinese 1612 GMT 2 Feb 85 OW]

JIANGXI LIGHT, FOOD INDUSTRIES--Jiangxi Province made remarkable progress in developing its light and food industries, in 1984, it registered an increase of more than 11 percent in production value and profits and in the amount of profits turned over and taxes paid to the state as compared with those in 1983. [Summary] Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 2 Feb 85 OW]

HUNAN INDUSTRY OUTPUT--It has been learned from a provincial telephone conference on industry and communications held on 31 January that total industrial output value in January is estimated at 2 billion yuan, an increase of 30 percent compared with the same period last year and a new record for the period. The province's 2 million industry and communications workers have been greatly encouraged by the effort proposed by the Provincial CPC Committee to achieve the first doubling of industrial and agricultural output value 1 year ahead of schedule. [Summary] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 1 Feb 85 HK]

CSO: 4006/350

CONSTRUCTION

JIANGSU PROJECTS INVESTMENT PLAN OVERFULFILLED

OW020501 Nanjing XINHUA RIBAO in Chinese 23 Jan 85 p 1

[Text] In 1984 the state planned to invest 160 million yuan to build nine key projects in Jiangsu. However, the investment reached 180 million yuan and the annual plans or the readjusted annual plans for the nine key projects were overfulfilled.

The Lianyuangang Construction Command is the construction unit that was the first to institute a system of investment responsibility in Jiangsu. It has overfulfilled its tasks for 3 years running. Last year it overfulfilled its annual plan by 34 percent. Thus, it continued to advance ahead of other key projects in our province. Entrusted by the provincial government, the Beijing-Hangzhou Canal Command of Jiangsu contracted with the state to undertake the project for the section of the canal in northern Jiangsu. In order to complete the project 3 years ahead of schedule, in 1987, according to the plan of the provincial government the canal command has put into effect an economic responsibility system. It has built 9 supplementary water-supplying and channel-[word indistinct] projects and completed the examination and approval of the initial designs for 10 single projects. It has achieved good results in organizing large-scale dredging of the Bulaohe channel, as well as the channel in the Huaiyin to Siyang section. The first branch factory of the Yizheng Polyester Fiber Plant was successfully test-run at the end of last year. The construction of three berths for 10,000-ton ships at Xinshengwei port in Nanjing was completed ahead of schedule. After passing the acceptance test, it was put into production. It is playing a role in raising economic efficiency. New progress has been made in building the Chuanshan limestone quarry in Zhenjiang, a dolomite mine in Nanjing, and a serpentine mine in Donghai, all supplementary projects of the Baoshan Iron and Steel Complex. They will provide the complex with good-quality stones in April as scheduled. Last year, the amount of investments for the Huaihai Cement plant, the Datun Coal Mine, the Yangzi Ethylene Plant, and the Lian-yungang Alkali Plant surpassed all previous years.

CSO: 4006/342

## CONSTRUCTION

### BRIEFS

GANSU CAPITAL CONSTRUCTION--The total amount of investment in capital construction in Gansu Province in 1984 reached 1.25 billion yuan, a record year. Of the 23 key projects included in the state and provincial plans in 1984, 10 have been completed and put into operation. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 0430 GMT 29 Jan 85 HK]

ANHUI PREFULFILLS BUILDING MATERIALS PLAN--Through carrying out technical transformation and rebuilding and expanding the existing enterprises, Anhui has doubled the output value and profits of the building materials industry and the output of such major products as cement, glass, bricks, and tiles in the past 5 years, thereby prefulfilling the Sixth Five-Year Plan by one year. In the fixed assets investment plan since 1980, the province has carried out nearly 100 small and medium-sized projects to renovate, expand, or rebuild the building materials enterprises and has spent nearly 100 million yuan on technical transformation. As a result of the technical transformation, the technical quality of the province's building materials industry has improved markedly. Of the 85 small cement enterprises at and above county level, 32 are equipped with mechanized kilns and 13 with rotary kilns. In the bricks and tiles industry, there are a total of 3,186 rotary kilns and 31 tunnel kilns. While carrying out technical transformation, the building materials industry has also paid keen attention to developing new products. At present, there are a total of 76 major products. [Text] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 31 Jan 85 OW]

ANHUI LARGEST CEMENT PLANT--A test run was successfully conducted for China's largest cement plant--the Ninggou cement plant in Anhui, China--on the afternoon of 24 January. It will soon go into trial production. This cement plant, with a capacity to turn out 1.5 million tons of high-strength cement per year, is one of the key projects listed in the Sixth Five-Year Plan. The total state investment in the cement plant is 400 million yuan, and the construction period is set as 3 years. With its main equipment imported from foreign countries, it has introduced new technologies in producing cement. Electronic computers and closed-circuit television sets will be used by the control room to help control the entire production procedure. The entire operation in the plant is fully mechanized and partially automated. [Text] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 1 Feb 85 OW]

DAM ON CHANG JIANG--A stone dam, the largest on the lower reaches of the Chang Jiang, was successfully closed on 13 January on the Chang Jiang near the Xinglongzhou cinder storage grounds in Luhe County. In recent years, the Nanjing thermoelectric power plant yields annually about 510,000 metric tons of cinder which are directly dumped into the Chang Jiang and cause serious water pollution. After completion, the Xinglongzhou cinder storage grounds will solve the cinder storage problem for the power plant and prevent water pollution. The closure of the dam has laid a foundation for the completion of the cinder storage ground. [Excerpts] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 13 Jan 85 OW]

HUNAN PRIORITY PROJECTS--In 1984 the province achieved good results in the construction of priority projects. A total of 490 million yuan was invested in the province's 20 priority projects. [Summary] [Changsha Hunan Provincial Service in Mandarin 0000 GMT 29 Jan 85 HK]

CSO: 4006/351



## DOMESTIC TRADE

### IMPROVING COMMODITY PRODUCTION THROUGH COMMUNICATION, CIRCULATION

Wuhan WUHAN DAXUE XUEBAO [WUHAN UNIVERSITY JOURNAL] in Chinese  
No 5, 28 Sep 84 pp 7-11, 33

[Article by Li Chonghuai [2621 1504 3232] and Xiao Guojin [5135 0948 6855]: "Strengthen the Development of the 'Two -tions' [communications and circulation] and Enliven the Flow of Goods and Materials Between City and Country"]

[Text] Since the 3d Plenum of the 11th CPC Central Committee, China's rural areas are in the course of a fast transformation from a self-contained or semi-self-contained economy to a large scale commodity economy. People have gradually come to realize that the energetic development of commodity production is a process in China's economic development that cannot be passed over. How is commodity production to be developed? It appears that the vigorous promotion of the "two -tions" and enlivening the flow of goods and materials between city and country must be the major strategy for the energetic development of commodity production, and all types of large, medium and small cities must play a pivotal role in this strategy.

#### I. New Situations and New Problems Arising from the Development of Commodity Production

The following are some of the new situations and new problems arising from the development of commodity production in the rural areas:

1. Matters of decisive nature for the sale of commodities: Marx once scientifically pointed out: "The prerequisite for a commodity production is commodity circulation,"[1] "the quantity of commodities sold becomes here a matter of decisive nature."[2] In the present process of development in our rural areas from a self-sufficient and semi-self-sufficient economy to a commodity economy, this "prerequisite" and "matter of decisive nature" is already becoming evident to us. The grain farmers find it difficult to sell their grain, and

the fruit growers find it difficult to sell their fruit. In a number of places grain becomes mouldy, fruit are left to rot, fresh milk deteriorates, fish and crabs decompose, and all this in quantities that are staggering. In the peak season for buying agricultural products, the commercial departments find themselves short of hands to handle the buying, their warehouse facilities are limited, they lack sufficient transportation, management is deficient, and it becomes a common occurrence that purchases, storage and transportation become impossible.

2. Not only the selling, the buying part too becomes a matter of serious difficulty. In many areas the peasants find it impossible to buy such means of production as chemical fertilizer, agricultural chemicals and diesel oil. Following the development of forestry, animal husbandry, sideline production and agricultural industries, the types of means of production needed in agriculture have much increased. As the peasants become more affluent, their living standards rise. From being satisfied with just enough "to eat, to wear, to use," they have developed to wanting "to eat well, dress well, use good articles," and in addition to that they also seek "good housing and good transportation." In certain areas they have become particular about having "a commodious house, food that is particularly nourishing, clothes that are particularly good looking and articles for daily use that are of high quality." However, the peasants are frequently unable to buy the things they want.

3. Market information has become a key concern in the development of commodity production. As the situation of grain production in the rural areas has improved over the years and the peasants are producing more grain than they need for their own use, the development of economic diversification has become a necessity. What commodities are to be developed? The peasants must not only have one year's knowledge in advance, but have to have several years' knowledge in advance. What sells well this year may become difficult to sell next year. What is hard to sell this year may sell well the following year. This leaves the peasants at a loss what to do. Especially in crops that take several years to grow, once they are planted, regrets will come too late, should there arise difficulties later on in marketing the products. A few years ago Guangxi Province developed the production of coconut-husk fiber and planted large numbers of palm trees, but later the palm fiber and palm fiber rope was replaced by synthetic fiber materials, causing the peasants quite some losses. Since last year, Hubei Province began to use the coconut-husk fiber as stuffing in sofas and mattresses, which enjoyed brisk sales and this news had to be transmitted to

Guangxi. In Guangxi, which is located at the southern border of China, the weather is very hot and people do not use mattresses and few sofas, so that the coconut-husk fiber, unsaleable in Guangxi, could be marketed in Hubei.

4. The demand to have transportation and storage facilities catch up with developments: Last year there was an abundant harvest of apples in Shandong Province, but due to the lack of railway freight cars, the apples could not be shipped in time. Apples were heaped up in the open next to the railway stations, exposed to the hot sun in daytime and frost at night, which caused very large losses. The wastage is particularly alarming in the case of special native products in the mountainous regions where products cannot be shipped out due to the lack of transportation facilities.

5. New outlets must be found for agricultural labor that is continuously being freed from the soil. There are two reasons for this: One is that due to the developments that have taken place in grain production, the percentage of marketable grain is rising, and grain has become available to whoever has money to buy. The availability of grain is one condition that will allow people to get away from the soil. In the past, agricultural labor was unable to leave the soil; the situation was such that the 800 million peasants were fully occupied with the problem of providing enough to eat, because of the extreme shortage of grain. Through the efforts of the last few years, grain, which constitutes the most important necessity of life, is being produced in record quantities, and the percentage of marketable grain has risen to very large figures. The state procurements of grain have historically been highest at 20 percent of the total harvest, but rose to 24.5 percent in 1983. Particularly gratifying is the fact that in the key producing provinces, the quantities of marketable grain shipped out have doubled and redoubled several times over compared to the past. Grain is the foundation for agricultural development, as it is also the foundation for the development of the national economy. Production of more grain than they can use themselves makes it possible for the peasants to diversify on a large scale and to engage in industrial and commercial activities. The second reason is that due to the development of specialized households and key households, one part of the agricultural labor force of necessity leaves the soil, turns to forestry, animal husbandry, sideline production and fishery and the development of various types of commodity production. Peasants no more engage solely in agriculture, but strive to engage in industries and in commerce and many types of trades emerge as the times require. The rapid development of small-scale industries, home handicraft industries, building

materials, foodstuffs, fodder, processing of mountain products, transportation, consignment of goods, storage, credit business, counselling, information, trading, service industries and the development of other industries and trades has become a possibility.

6. The demand that industry provide more and better means of production and consumer goods for everyday use. The agricultural development, which will bring prosperity to the peasants as soon as possible, is bound to stimulate an immense development of industry. By numbers only, the 800 million peasants present a market that amounts to eight times the Japanese market. The annual requirement of chemical fertilizer is several tens of millions of tons, the annual requirement of agricultural chemicals is several million tons, the annual requirement of tractors is several hundred thousands, and there are also huge requirements of building materials and articles for daily use. As the peasants will attain a state of comparative well-being by the year 2000, they will annually have up to a trillion yuan of purchasing power to spend in the market. This will be a huge challenge for industrial production, and the huge capacity of the agricultural market will of course demand a continuous expansion of the scope of commodity exchanges between industry and agriculture, which will be the inevitable trend in the development of the commodity economy. This trend is already becoming evident in the country fair trade. The country fair trade is already developing from a market that merely regulates the requirements and surplus supplies of the peasants to a supplementary channel for the commodity exchange between city and country and between different regions, also developing from a market for the exchange of agricultural sideline products to a comprehensive market dealing in all industrial and agricultural products.

To sum up, the rapid development of commodity production in the rural areas demands opening up markets and exploring new markets. The surplus labor in agriculture is daily increasing and demands opening new avenues of employment. The huge increase in peasant purchasing power demands expanding the scope of commodity exchanges between industry and agriculture. All these new conditions pose new tasks for commodity circulation, which means that they demand that great efforts be made to develop commodity circulation and to expand the interflow of industrial and agricultural products between city and countryside.

## II. Without Commerce in the Lead, Industry and Agriculture Cannot Develop

That the fastest possible development of our backward agriculture demands not merely the development of commodity production is already realized by many people. However, insufficient attention is still being paid to the importance of an energetic development of commodity circulation. The revitalization of the rural economy does not hinge on production, but on circulation. As we intend to further develop commodity production in the rural areas, we must certainly exert great efforts to develop commodity circulation. If commodity circulation is not well developed, the merits of the various localities cannot be fully brought into play. That development be geared to the production of the local products is quite necessary, but this is after all an expansion of a self-sufficient economy. Only by an expansion of the interflow of commodities between regions and the interflow of industrial and agricultural commodities between city and countryside, can local advantages be truly brought into play and can the local income be increased. In the apple-producing regions of the north, apples sell for only 10 or 20 fen a jin, but shipped to southern markets they can sell for 50 or 60 fen. Comrade Mao Zedong pointed out as early as in 1959: "If trade is belittled and trade does not take the lead, industry and agriculture cannot develop." [3] It is true that the development of trade is the result of industrial and agricultural production, but trade is at the same time a powerful promoter of industrial and agricultural production. Commerce and the service trades are important trades that are on a par with industry and agriculture, a fact that is of necessity becoming more and more evident. Without commerce in the lead, industry and agriculture cannot develop. This is exactly the present situation in our rural areas.

We know that commodities are being produced for the purpose of exchange and not just for the purpose of production. If a commodity cannot be sold, its value cannot be realized and there is no possibility for it to be reproduced. For this reason Marx describes the sale of a commodity as "the thrilling take-off of the commodity. If it is unsuccessful in this take-off, it is not the commodity that will be shattered, but the owner of the commodity." [4] According to Marx's description of the overall social reproduction process, the overall social reproduction process can be divided into a circulation process (providing the means of production), going on to a production process, going on again to a circulation process (sale of the product). Two of these are circulation processes. According to this pattern, the order of the overall social reproduction process must be supply,

production and sale, and not production, supply and sale. The customary reference to "production, supply and sale" shows a bias in favor of production and a disregard for circulation. In the socialist society, commodity circulation still occupies a "two-thirds" intermediary position. If we want to revitalize the rural economy, it is essential that we gain a firm hold on this "big lump," the commodity circulation. Otherwise it will not be possible to link up industry with agriculture, to link up city with countryside or to link up production with consumption. Without a flourishing commodity circulation there can be no expansion of the scope of our markets. If the markets cannot be expanded, the further development of agricultural commodity production will meet with difficulties in marketing and purchasing. It is for this reason that Comrade Hu Yaobang correctly pointed out in his report to the 12th CPC National Congress: "The quality of our work in the area of commerce has a direct bearing on our industrial and agricultural production and on the livelihood of our people. The importance of this question in China's economic development is becoming evident with ever increasing clarity."

At the same time as we energetically develop commodity circulation, we must certainly also develop communications and transportation. The present impediments in communications and transportation are constituting an extremely acute problem in our economic life. If not mended, this situation will have a serious adverse effect on the interflow of goods and materials between our different regions and between city and country.

Revitalization of commodity circulation and promotion of the interflow of goods and commodities between city and country hinges on improving the development of the "two -tions." The so-called "two -tions" in a broad sense refer to communications (including transportation, postal and telecommunications) and circulation (including the circulation of commodities, materials, money and information). Circulation is essential for commodity production, it is the bridge and bond for exchanges between regions, between city and country, between industry and agriculture and between the producer and the consumer. Within the entire range of our economic activities, commodity circulation is like the blood circulation in the human body. Communications and transportation are like the large and small blood vessels, since they are the carriers and channels for the circulation of commodities, and the key cities are like the heart in the human body pumping blood, functioning as the organizer and guiding organ in the production and circulation of the commodities. All are interdependent, not a single one can be dispensed with. If the blood flow is impeded, the human body will fall sick; if

the "two -tions" are stopped up, there is no way to develop commodity production. To develop commodity production it is therefore necessary to develop the "two -tions." To promote interflow of goods and materials between city and country, it is also necessary to develop the "two -tions." In the end, the development of the "two -tions" will be the principal way to develop commodity production and to invigorate the interflow of goods and materials between city and country.

### III. How To Enhance Development of the "Two -tions"?

1. Liberalization of our policies. In the past, there was too much control of commodity circulation; it was controlled too rigidly. Only by a future liberalization of our policies according to the demands of the commodity economy, can we invigorate circulation. This is especially important in the present situation. First of all there must be a liberalization in the production-marketing relationship. The types of agricultural products listed in the state plan must be gradually reduced following the developments in the economic situation and the changes in the supply-demand situation of the commodities. The range of commodities purchased and sold at negotiable prices must be expanded. A certain portion of the various types of products listed in the state plan should be left to the producer or the producing region for them to dispose of, making them feel that they are truly the owners of the commodity and that they have relatively independent rights. The liberalization and revitalization should particularly be practiced in the case of agricultural and sideline products of the third category. Our actions should conform to Premier Zhao Ziyang's precept, namely to truly carry out "plan controls for the large aspects and liberalization for the small aspects, and restrictions mainly to be exercised through administrative control of industry and commerce and the use of economic levers." [5] However, between the administrative controls and the economic levers, as little as possible of the former and as much as possible of the latter should be used. Second, there must be a liberalization of the economic patterns. There should be a multilevel organizational structure among state operations, collectives and individual operators. On the premise of ensuring the dominant position to state-operated commerce, our policy should be one of allowing state-operated, collective and individually operated enterprises to forge ahead together; this would be most in line with China's national conditions. In the state sector of the economy, there are various commercial enterprises, some administered by the central authorities, some by provinces, municipalities, counties, towns or some managed by enterprises and industrial units. In the collective sector of the economy, there are small, medium

and large collectives and elementary, medium and high-ranking commercial enterprises. The supply and marketing cooperatives are high-ranking large collective commercial enterprises. Apart from appropriately developed individual commercial enterprises, peasants should be allowed to dispose at will of their personal grain rations and to engage in industry or trade at the country fairs. Third, commodity exchanges between regions must be liberalized. We must put an end to blockades between cities and countryside, separation of regions, constructing walls and dams and blocking circulation. No channel must be restricted by administrative divisions. Commercial network outlets must be distributed rationally according to economic divisions, and long-distance sales and transportation must be allowed. Fourth, price policies must be liberalized. According to the scope for price movements prescribed by the state, prices for commodities of the third category and commodities for which procurement and allotment tasks have been completed should be gradually set free, and the state-operated trading enterprises and the supply and marketing cooperatives should flexibly control buying and selling prices, so that these commodities may participate in market competition and regulation. The law of value should as far as possible be allowed to function, as long as the state-operated trading enterprises control the large items and have the initiative. As the supplies of commodities continuously increase in quantity, there will hardly be any disorderly price increases. It is not that the state-operated enterprises and the supply and marketing cooperatives do not know how to conduct trade, it is merely that the prices are fixed too rigidly so that they cannot act as the situation would demand.

2. Reforming the system of commodity circulation. We must bring about a change of such past conditions in the organizational system in our circulation as overlapping of organizational competencies, too many meddlesome "mothers-in-law," too many levels of authority, too many links, many walls of man-made obstructions and few wholesale and retail network outlets, few circulation channels and irrational direction of the flow of commodities (such as roundabout transportation, detours and transportation in the wrong direction). We must put a stop to restrictions by central and local authorities. In economic regions with key cities of different levels as backing, we must organize commodity circulation outlets at different levels. We must accordingly establish a commodity circulation system that has the state-operated enterprises in dominant position, that operates in various economic patterns and in different forms of business, that will have many channels simultaneously available, that



has few links and is of a liberalized constitution. For this purpose:

(1) We must strengthen the main channels of business of state-operated commercial enterprises and of the supply and marketing cooperatives. We must allow agricultural products to enter the cities and allow industrial products to go into the countryside, achieve a true opening up between cities and countryside and between regions. We must have the state-operated enterprises and the supply and marketing cooperatives work in unison, operate on the basis of equality and mutual benefit, adjust mutual surpluses and deficiencies, sharing profits equally and jointly assuming all risks.

(2) Our domestic commercial enterprises must not only establish themselves firmly within China, but must also orient themselves toward the international markets. Products that may earn foreign exchange and that cannot easily be sold domestically, may be shipped abroad for sale, while at the same time advanced technological equipment may be imported for installation in domestic industrial and agricultural enterprises. We must enhance the integration of domestic and foreign trade and establish close cooperation among the systems under the jurisdiction of the Ministry of Foreign Economic Relations and Trade and those under the Ministry of Commerce, and change having one plank for domestic and one plank for foreign trade, a kind of trade situation with "two planks."

(3) We must have the supply and marketing cooperatives carry on a collective economy of the peasants themselves and become commercial enterprises of truly cooperative character. We must bond the interests of the supply and marketing cooperatives with those of the peasants and have the peasants earnestly concern themselves with the business activities of the cooperative. We must let the supply and marketing cooperatives truly get to worry about the worries of the peasants, think the thoughts of the peasants and think even beyond the thoughts of the peasants. We must restore and develop the excellent tradition of the supply and marketing cooperatives as to their mass character in their organization, democracy in their management and flexibility in their business operations, have the cooperatives become the bond between the urban and the rural economies, and become organizers of the rural market town economy.

(4) Utilize in every possible way the surplus labor in the rural areas and develop individual industrial and commercial enterprises in the rural areas. We must bring the special characteristics of individual economy fully into play and make

use of it in the rural areas: this economy operates business in a decentralized way, operates on a large scale and at many points, requires little investment capital, operates with simple equipment, using whatever is available, has many many connections for bringing in merchandise as well as for the marketing of goods; few of its operators engage solely in business, most are part peasant and part merchants or part workers and part merchants; they engage in both purchasing and selling and show a high degree of mobility. We must allow the individual economy in the rural areas to operate on a comprehensive scale, must not purely emphasize engagement in trade. In that case operational costs will be low, and it will also make things convenient for the people. We must allow the residents of the rural areas to engage in appropriate individually operated industries, handicraft industries, trades, catering businesses, service industries, repair industries, transportation, house repairs and maintenance and in any other kind of individual business permitted by the state. We must allow the individual enterprises in the rural areas to ship goods over long distances for sale, and we must change the old view of discriminating against those who have given up agriculture to engage in trade, who have given up agriculture for sideline production, or against so-called "two-way peddlers." We must also not regard people who ship goods for sale and who sell whatever brings money as speculators. We must regard selling whatever brings money as an effect of the law of value and as a manifestation of the initiative of the trader. The reason why the trader makes money is mainly that supplies cannot meet demand in the market and cannot satisfy the needs of the consumers. If the trader leaves the soil and engages in transportation and regulates shortages and surpluses, that is still of benefit for the consumer. As long as he does not violate policies and regulations, he should be protected. We must recognize that shipments by individuals for sale is one kind of necessary labor within the social division of labor; transportation is a continuation of production. The so-called "two-way peddler" is not engaged in speculation and profiteering. Only those who engage in illegal business for the purpose of reaping huge profits must be considered as engaging in speculation and profiteering.

(5) Development of markets for small commodities. We must develop markets for small commodities at different levels and of different scope in the large, medium and small cities, mainly for those engage in individual economy and mainly for trading in small commodities. These markets should open marketing channels for neighborhood workshops, for commune and brigade enterprises, and for the products of the household handicraft industry as well as for slow-selling goods of some

of the state-operated enterprises, for goods of the second category and substandard goods, and also to provide a place to which individual traders could bring their goods. In the cities and market towns we must supply more small-scale outlets for sundry goods of daily use. Such sundry goods for daily use are called "indigenous general merchandise;" they are closely linked to the livelihood of the people in cities and villages, and although the merchandise concerned is small, it is very useful. These small commodities must be cheap, of real economic benefit and suited to the present consumption level of the townspeople and peasants. The effective operation of markets for small commodities should comprise the effective marketing of industrial products for daily use as well as of the "indigenous general merchandise," while these markets should also open up for a large number of additional kinds of goods. This will help promote the circulation of small commodities, as it will also help satisfy the needs of the people.

(6) While we must continue to have the trade at the town and village fairs play its role as supplementary channel, we must also reform our wholesale system for commodities. The following are the main shortcomings of our present wholesale system: there are too many impediments in the form of barriers erected by officialdom, wholesale organizations have been set up for administrative reasons, too few types of products are involved in the wholesale operations and there are too few network outlets. The wholesale system cannot fulfill its task, quantity-wise and in business operations, as an intermediary in the daily increasing development of commodity circulation. We must break up the barriers that have been erected by officialdom and set up widespread wholesale network outlets for all the various trades. We must not only gradually establish wholesale trading markets in the large and medium-sized cities, but also set up wholesale organizations at the collecting and distributing centers of the products at the county seats, to establish as far as possible direct connections between production and consumption and reduce the links in the circulation chain. Industrial wholesale operations of the state-run enterprises, on the premise of reserving dominant positions for state-run enterprises, should establish other wholesale organizations according to the rational flow of the merchandise. These organizations are to engage in purchasing and selling and in line with local conditions are to cut down on unnecessary links in the circulation chain and shorten the circulation processes for all commodities. All the various wholesale trades may also simultaneously operate hotels and warehouses to provide places for merchants to stay and to store their merchandise. In short, we must do all we can to increase channels and reduce

links, to facilitate commodity exchanges between city and country and to smoothen the circulation of merchandise.

3. To further enhance the role of the key cities in the organization of commodity production and circulation, we must organize and build trade centers at the key cities and organize the various commercial firms, loan institutions, trade associations, exchanges, trust companies, merchandise displays, exhibitions, etc., to fully play their role as bridges and bonds for commerce. We must energetically develop the various service enterprises, such as hotels, restaurants, safe storage, packing, handling at wharves and railway stations, service stations for telecommunications and for the sale of railway and ship tickets, various repair trades, barbershops, bathhouses, places of amusement and recreation, tourist installations, etc. for the convenience of trade and travel activities. Use could also be made of the advantages concentrated in key cities as regards production technologies, science and education, information transmission, counseling and managerial talents. We must energetically develop trades of special knowledge and have them serve the development of commodity production and circulation.

(4) We must energetically develop communications, transportation, postal and telecommunications services between city and country and between rural areas. Since the 3d Plenum, China has paid much attention to communications and transportation, regarding them as "front row officials" and listing them high in capital investments. However, in the past, emphasis in our communications construction was always placed on the main water, land and air trunk lines. Although the principal lines were strengthened, construction of other trunk lines, branch and smaller lines did not keep pace and the whole did not form a complete network, so that transportation still did not flow smoothly. In future, work on the principal trunk lines will undoubtedly still have to be strengthened; especially on the "strangulation" points of important sectors much improvement is needed in transport conditions. We must also increase the number of railway cars, motor vehicles, merchant ships and airplanes and improve business management. We must furthermore stress comprehensive installations on the principal water and land communications lines, such as harbors, railway stations, wharves, airports, warehouses, as well as the construction of cold storage, loading and unloading facilities. Apart from all this, we furthermore require:

(1) Establishment of a network of water and land communications and of large and small highways. We must build bridges and repair highways, extend "dead end roads" and break up barriers by officialdom and accomplish a communications

network that extends across provinces and regions. We must strive to have through transportation and avoid detours. The stations on our highway network must extend deep into the rural areas, into mountainous areas and in all directions with no place being too far to be touched.

(2) We must pay particular attention to water transportation because its costs are the lowest. Apart from maintaining navigation on the Changjiang and Huanghe Rivers, we must energetically develop navigational facilities on our inland rivers and lakes. We must build a large number of small motor-equipped sailing boats and barges, and where conditions are favorable, build more river and ocean crafts for transportation over rivers and oceans.

(3) We must energetically develop postal and telecommunications services; especially telephone service must be extended as much as possible. Postal and communications services are the principal media for the transmission of information and the main bridges linking city and country, different regions, production and consumption and producers and consumers. Without a well-developed postal and telecommunications network, information cannot be effectively transmitted, commerce cannot promptly keep informed of market trends and will be unable to make the best use of opportunities, to supply deficiencies and dispose of surpluses, or to act as a go-between and have commodity circulation proceed smoothly. Otherwise, if postal and telecommunications services are well developed, it is possible to greatly shorten gaps in time and space and reduce wastage of manpower, financial and material resources by time and space and as a consequence increase the economic results in all trades and professions.

(4) We must closely integrate commerce and communications and energetically develop through transportation services. We must develop direct shipments and stress the connection of such links as between the source of the merchandise, transport capacities, loading and unloading as well as storage facilities. We must develop through shipments by water and land and cooperation between railways, highways and waterways in effecting through shipments, also over trunk and branch lines and between river and ocean transportation. We must effectively operate a complete system of through transportation--once in transit, a shipment must reach its destination--with service all along the way and responsibility throughout the entire journey. In launching through transportation services, we have the advantage of the system of public ownership of the means of production; as long as we do not practice departmental separations, we have favorable conditions for the organization of large-scale socialized

cooperation. In this way, we can not only speed up commodity circulation, but also reduce idle runs, benefiting the consignor of the goods as well as the transport agency; it is thus a matter of manysided benefits, worthy of having our full support.

(5) Financial work has to catch up. The process of commodity circulation is a process of exchanging merchandise against currency, therefore also a process of currency circulation. Following the development of commodity production in the rural areas, currency circulation will increase tremendously. The work in connection with cash deposits, savings deposits, fund transfers, remittances, account transfers and clearances of accounts is bound to increase rapidly. This will demand of the banking organizations in the key cities and banking networks in the rural areas, especially of the Bank of Agriculture and rural credit cooperatives that they be able to catch up with these developments. Financial work can play an important role in guiding commodity production, regulating deficiencies or surpluses of funds, providing effective economic information, also as an intermediary between production and consumption, as a promoter of commodity exchanges and circulation, in supervising the use of funds, increasing accumulation of funds, raising the income of the peasants and in promoting the rational distribution of resources. In the face of the daily increasing commodity production and circulation, we must endeavor to have a state of vigorous activity without confusion, and in this respect the effective handling of financial work is an important aspect.

(6) We must, furthermore, pay serious attention to the intellectual investment in the "two -tions," adopt instructional methods of many levels and many forms to nurture cadres for the "two -tions," have them gain an understanding of the relevant theories, policies, techniques and managerial methods, in order to achieve great improvements in the work of the "two -tions."

To sum up, the effective work in connection with the "two -tions," which constitute the bridge and bond between production and consumption, between city and countryside, between industry and agriculture and between different regions, will enable the smooth circulation of commodities and will help bring about greatest yields from the land, greatest use from goods and materials, and greatest contributions from human talent. In this way, rapid development will be achieved in the production of commodities, and as a consequence also in the entire national economy.

#### FOOTNOTES

- 1 and 2. "Collected Works of Marx and Engels" Vol 24,  
pp 393, 49.
3. "Glossary of Commercial Terms" The China Finance and  
Economics Publishing Co, 1979 ed., p 7.
4. "Collected Works of Marx and Engels" Vol 23, p 124.
5. "Report on the Sixth 5-Year Plan" presented by Premier  
Zhao on 30 November 1982 at the 5th Session of the Fifth  
National People's Congress; see "China Economic Yearbook,  
1983," p 68.

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## DOMESTIC TRADE

### IMPORTATION OF AUTO KITS SEEN AS WAY TO MEET AUTO DEMAND

Beijing LIAOWANG [OUTLOOK] in Chinese No 46, 12 Nov 84 p 11

[Article by staff reporter Tong Shang [4547 1424]: "Getting Out of the Rut of 'Reproducing Antiques'--A Discussion of the Importation of Motorcar Manufacturing Technologies and the Assembly of Imported Parts"]

[Text] Following the implementation of the policy of opening up to the outside world, China's motorcar industry jumped out of its little cage of self-confinement. On different occasions since 1981, technologies of the advanced level of the 1980's were imported from abroad. They changed the makeup of our motor vehicle product to a "less heavy (model), lighter (model)." Against the background of extreme shortages and the contradiction of supply and demand in the domestic market, our motorcar industry did not purely strive for quantity by a kind of "reproducing antiques" production, but directed their energies to technological progress, raising quality levels and through a nationwide importation of technologies gained time and reduced the gap with the world's technology in the motorcar industry. We must say that this is a farsighted policy indeed.

Reaching the world level of the 1980's means that China's motorcar industry in one stride skipped over 40 years. What, then, are the motor vehicle products of the 1980's? To get an answer, this reporter interviewed Director Rao Bin [7437 2430] of the China Motor Vehicle Industry Corporation, who said: "Products of the so-called level of the 1980's are products that are full of vitality in the present international motorcar competition and that are still in the process of continuous development."

In the 1950's we imported equipment from the Soviet Union and set up the Motor Vehicle Plant No 1. In the 1960's we imported French technology and established a heavy-type motor vehicle plant at Dazu in Sichuan Province. Because we did not simultaneously import developmental, designing and testing technologies for the products, the original technologies aged



very quickly, and all we could only do was copying the original models. This historical lesson taught us that at the time of importing an item, we must also import designing and developmental technologies. At the same time as an item has reached production capability, we must also build up a developmental contingent and an experimental front. This is the only way that we can gain complete self-reliance by laying the groundwork for the next generation of products.

Under present conditions when we have saturation in domestic capacity for the manufacture of motor vehicles, but supplies cannot meet demand, the state has decided to import certain motor car parts for assembly in China. This method is internationally known as CKD [completely knocked down]. There are three advantages to this method: First, it will resolve the contradiction between supplies and demand and put a stop to "small but complete" methods of production and the manufacture of low-grade products at high prices. Second, it will put our foreign exchange to good use and benefit the withdrawal of RMB from circulation. Third, it will serve as chips in the importation of technologies. At the same time as we import technologies, importation of the other party's parts for assembly can offset a part of the importation expenses and thus benefit the development of our domestic motorcar industry.

However, some countries of the third world went a tortuous road in this respect, which should be a warning to us. Some specialists of our motorcar industry explained to us: Buying parts is more expensive than buying the complete items. To protect their factories against losses, some countries adopted the method of lowering import duty and granting subsidies, but the result was still a complete reliance on the exporting country. Only later, these countries one after the other prescribed that in the arrangements for the importation of parts for assembly, a certain proportion of domestic parts and components must be used. As we want to take a stand of having an all-Chinese production in future, we must therefore combine technology imports with foreign trade operations, and not take up anything that cannot be combined in this way. Enterprises that use nothing but imported parts to assemble cars and have no items for which a gradual increase in the ratio of domestic manufacture is planned, should be restricted.

Importation of technologies and imports of parts for assembly are new things that we are faced with as we open up our country to the outside world. Those cooperative methods, combining economic and technological measures, that have proven effective in the international motorcar industry, if properly applied, will inject new vitality into China's

motorcar industry. While should always give poriority consideration to our own conditions, we should widely adopt the strong points that we find anywhere else. We must go the road of a Chinese-style development.

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CS0: 4006/164

## DOMESTIC TRADE

### GREATER EFFORTS CALLED FOR IN DEVELOPING POOR REGIONS

Beijing LIAOWANG [OUTLOOK] in Chinese No 47, 19 Nov 84 p 12

[Article by Ji Yecheng [1213 2814 2052]: "News Received from the 'Ever Poverty-Stricken Mountain Regions'--Key to the Problem is Strengthening Internal Vitality--Tentative Analysis of the Distressed Areas--Economic Development Trends"]

[Text] Thirty-five years ago, on the eve of the founding of the PRC, the CPC Central Committee and the State Council issued a circular notice on assistance to be rendered in order to bring about a change in poverty-stricken areas, which was of an extremely important significance. Helping the poverty-stricken areas change their distressed condition is work of strategic nature. Since the 3d Plenum of the 11th CPC Central Committee, great successes have been achieved on all strategic fronts throughout the nation, but we must also soberly realize the unevenness of the work and of the economic developments. We must realize that certain areas are still in a state of poverty. Of course, compared to what had been in the past, the present poverty of those parts of the country that are still in a state of poverty, has become to some degree alleviated, but there are indeed some areas (particularly mountainous areas) that are quite poor; in some of the poorest of them, people have not enough to eat and wear.

Why is it that we still have these poverty-stricken areas in our present times when the situation in general is very good? Objectively seen, it is the natural conditions in some areas that are very bad indeed; they have been poor throughout history; to change their situation is very difficult and will require long periods of arduous efforts. Subjectively seen, it is mainly that restrictions which should have been relaxed according to certain policies have not yet been relaxed, or that existing policies to that effect have not been implemented. Many policies that are not at all suitable for the mountainous regions are still being carried out there. In brief, there are still numerous "ropes" that tie up the minds and limbs of the people and that obstruct the economic revitalization of these areas. In a certain sense we may

therefore say that the task of rectifying "Leftist" errors in the mountainous and poverty-stricken regions is much more formidable than this task is in other areas. The natural conditions and social circumstances in the mountainous areas are more complex, require greater effort to adapt to local conditions and various policies require a greater measure of flexibility. Notwithstanding these facts, many policies that were already found wrong for the plains areas were for a long time in the past indiscriminately applied to the mountainous areas, where they were of even more serious consequences.

Guided by the ideological line of liberation of the minds and seeking truth from facts proclaimed by the 3d Plenum of the CPC Central Committee, many regions (including certain mountainous areas that had originally been very poor) have already evolved ways of developing the economy of their regions and moving on toward prosperity. Facts prove that the basic policy for changing the state of poverty in the distressed regions must be one of relying on the strength of the people themselves living in these areas. According to the special conditions of their areas, they must suit measures to local conditions, develop whatever strong points they have and avoid whatever weak points there may be, take full advantage of the local resources, develop commodity production and strengthen the internal vitality of the local economy. The state will give the poverty-stricken areas its support in a variety of ways, but when economic support is given, the concept of purely granting relief, that had been dominant some times in the past, must be absolutely overcome; we must also not again use our strength in equally "sprinkling a little pepper around." We must concentrate our limited financial and material strength to accomplish things that are actually effective in developing the economy of the mountainous areas. For instance, the construction of highways is an important matter that will have an effect on the overall situation. This demands of the party committees and governments at all levels and of the large number of cadres in the poverty-stricken areas that they must take the initiative in leading the masses to further liberate their minds, eliminate "Leftist" influences, thoroughly search out the main reasons for their poverty, explore the apparent and hidden advantages of their regions, seize hold of breakthrough points, adopt down-to-earth measures and make determined efforts. The state has decided on certain policies for these types of areas, such as reducing or remitting their burdens, abolishing state purchase monopolies and assigned procurement tasks, allowing individual operations, subsidizing communications, selling clothes and quilts on credit, etc. These policies must be used to full effect to enable these regions to recuperate and build up strength, enable them to provide sufficient food and

clothing, help them go on to develop commodity production and have them successfully catch up within a comparatively short time with the pace of economic construction in the country as a whole.

The soonest possible change in the state of affairs in the poverty-stricken areas is the eager desire of the masses, as it is also a need of our entire socialist construction. A considerable part of the poverty-stricken areas are the old revolutionary bases where people have made immense contributions toward the liberation of the whole country. There are also parts that are inhabited by minority nationalities and that are border defense areas. Speeding up the economic development of these areas is of extraordinarily important significance for the continuation and carrying forward of our revolutionary tradition, for the strengthening of national solidarity and for the consolidation of our national defense. The mountainous areas, moreover, have many economic advantages over the plains areas such as the vast expanse of the open spaces in the mountains, the large variety of bamboo and trees, special local products and abundant mineral resources. The economic improvement of the mountain areas will be of great benefit for the revitalization of the economy of the whole country. If cities, plains and all trades and professions will support the construction in the mountain areas, extend a helping hand to the poverty-stricken areas and in various ways give support by providing qualified personnel, funds, technologies and information, it is bound to speed up their economic as well as social development.

The 3d Plenum of the 11th CPC Central Committee passed a resolution for overall economic reform, and the economic development of the poverty-stricken regions must also be speeded up in the course of this powerful current of reform. The people of the mountainous regions shall certainly also gain prosperity in the same way as the people of the entire nation.

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CS0: 4006/164

FOREIGN TRADE AND INVESTMENT

PROTECTION OF FOREIGN INVESTORS' INDUSTRIAL PROPERTY RIGHTS STRESSED

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 6, 27 Jun 84 pp 52-55

[Article by Wei Qixue [7614 0796 1331]: "The Question of Industrial Property Rights in Joint Ventures"]

[Text] The question of industrial property rights is an important question in joint-venture partnership. From a long-range point of view, the import of advanced technology is one of the major objectives of joint-venture partnership. In order to open up a new vista to joint-venture partnership, we must go one step forward in heightening our cognizance of this question. To this end, the writer presents in this article some of his views on this question.

I. The Concept of Industrial Property Rights

It is stipulated in China's "Sino-Foreign Joint-Venture Enterprises Law" that industrial property rights can be used as an investment in joint-venture enterprises. What is meant by "industrial property rights?" One may define "industrial property rights" in a narrow sense and in a broad sense. In the narrow sense, "industrial property rights" refers to patents, pragmatic new models, exterior designs, and trademarks. In a broad sense, "industrial property rights" includes service symbols, logos, names of original places of production, and in some instances technological secrets.

Service symbols and logos are sometimes manifested in the form of trademarks. The following is a brief introduction to the concepts of industrial property rights and technological secrets in a narrow sense that have had an intimate relationship with joint-venture partnership.

Patents

Patent refers generally to an invention that has acquired patent rights. By patent rights is meant the acquired rights of an inventor or his successor or a concessionaire to exercise a monopolistic implementation of the patent of an invention. As is stipulated in the laws of most nations, an invention may acquire patent rights only after an application for patent has been filed for examination and investigation by the Patent Office, which shows that the invention possesses the criteria of originality, creativity, and practicality, and after all specified procedures have been met and all stipulated fees paid.

Upon acquisition of patent rights, the invention enjoys protection in the country which has awarded the patent rights. The holder of patent rights may monopolize the implementation of his invention and prohibit other people from implementing it. Anybody who wishes to implement the invention must get permission from the holder of patent rights. An unauthorized act of implementing the invention without obtaining permission constitutes an infringement upon patent rights. The violator of patent rights must put an end to such infringement and compensate for the losses incurred. In the case of a serious offense, the offender will be subjected to legal sanction.

The period of validity of patent rights ranges generally from 15 to 20 years. After the expiration date, validity vanishes and any person may gratuitously implement the invention.

Patented invention includes invention of products and invention of methods. Invention of methods consists of invention of pure methods and invention of manufacturing methods.

In some countries, pragmatic new models and exterior designs are administered under an independent law. In other countries, they are categorized as patent rights, known as "pragmatic new models patent" and "exterior designs patent."

#### Pragmatic New Models

The pragmatic new models, which involve a program of designs for the forms and shapes of products, the structure and construction of products, or the integration of forms and shapes with structure and construction, are mainly technological innovations or petty inventions. The pragmatic new models, which in technological effects are not so impressive as inventions, and which in technological values are not so superior as inventions, are in essence the same as inventions.

As pragmatic new models involve a program of designs for tangible products, it is therefore not permissible for methods to acquire a registry of pragmatic new models. Although the period of validity of the pragmatic new models is shorter (ranging generally from 5 to 10 years) than that of patent rights, the effects of rights and privileges are the same. The countries implementing a system of the pragmatic new models are Japan, the Federal Republic of Germany, and others. In dealing with pragmatic new models, some countries carry into effect an examination system, but other countries implement a nonexamination system.

#### Exterior Designs

Exterior design means the design of an industrial product's external form, color, pattern, or an integration of all of them, for the purpose of increasing the aesthetic perception rather than the technological effects of a product. This is a major distinction of exterior designs from patents and pragmatic models. Products reflecting exterior designs are products that can be produced in a batch process. Therefore, things that are purely fine arts or works of arts, such as drawings and carvings, which are not exterior designs, are subjects for copyright protection.

The period of validity of exterior designs generally ranges from 5 to 15 years.

#### Trademarks

To be concise and explicit, the trademark is a symbol for commodities, which may consist of words, figures, marks, or a combination of them, and which is designed for the purpose of distinguishing the goods of a producer or retailer from those manufactured or sold by others, of guaranteeing the quality of merchandise, and of achieving advertisement and publicity effects. After the acquisition of a trademark registration, the holder of trademark rights acquires the right to a specific use of his trademark, that is, the right to monopolize the use of the trademark of a declared and registered commodity. The period of validity of a trademark, which is different from that of patent rights, can be extended after expiration.

#### Technological Secrets

Technological secrets, known also as "technological know-how" in the English language, refers in general to technological knowledge or experience that can be used industrially and is kept secret from outsiders. In this area, some do not apply for a patent, because they do not yet possess adequate conditions for acquisition of patent; others do not apply for a patent because it is in the best interests of the holders of technological secrets to refrain from applying.

The main differences between technological secrets and patents boil down to the following:

- (1) Whereas the contents of patented technology are made public and awarded monopoly rights as a compensation for making the contents known to the public, the technological secret is not made public and it regards secrecy as its life-line.
- (2) Whereas the technological scope of a patent is clearly defined in invention manuals and in patent applications (called "power"), the technological secret is shrouded in secrecy, is not defined in legal documents, and therefore does not have a clearly defined technological scope.
- (3) Whereas the period of protection (period of validity) of a patent is limited, the technological secret can be used for a long period of time and does not have a definite limit as long as it remains veiled in secrecy.
- (4) Whereas the patent is protected by law and has the right of exclusiveness against others, the technological secret itself is not protected by law and can only bank on contracts for protection, without possessing the right of exclusiveness.
- (5) Whereas the patent is subject to regional limitations, the technological secret is not.



## II. Forms of Industrial Rights Used in Joint Ventures

The forms of industrial rights used in joint ventures fall by and large into one of the following four categories:

### (1) Transfer of Possession

The so-called "transfer of possession" refers to the sale by a party or several parties of a joint-venture partnership of their peculiar industrial property rights to an established joint-venture enterprise, that is, the materialization of a transfer of the ownership of technology. This is a situation which involves a transfer of the possession of patented technology or registered trademarks in general. In the event that a system of patents and a system of trademarks have not yet been instituted in the country where a joint-venture enterprise is located, the foreign capital investors cannot acquire patent rights and trademark rights in that country, and therefore a transfer of the possession of patented technology and registered trademarks is out of the question. What can usually be acquired is a "permit for implementation." (A trademark is a "permit for use.")

### (2) Permit for Implementation

This means that a party of suppliers, by virtue of the technology it possesses, signs with a joint-venture enterprise a "permit for implementation" of patents or technological secrets, thereby giving a joint-venture enterprise permission for implementation. This is commonly known as a "permit." And this pattern of transfer of technology is a most common practice in technological trade.

There are three different kinds of permits for implementation:

#### (a) Permit for Monopolistic Implementation

Under a so-called "permit for monopolistic implementation," the supplier permits the joint-venture enterprise to carry out a monopolistic implementation of contract technology within a given period of time and in a specific area, whereas the supplier, within the sphere of contract stipulations, not only is not allowed to sign with other persons an additional permit for implementation, but also is not permitted to carry it into effect. The supplier can be an owner of technology in name only.

#### (b) Permit for General Implementation

In terms of a permit for general implementation, the supplier, within the sphere of contract stipulations, not only is entitled to the right of implementation by himself, but also may sign with other persons another permit for implementation, that is, a permit for implementation without exclusiveness.

#### (c) Permit for General Implementation of a Monopolistic Nature

The supplier, within the sphere of contract stipulations, bows in obedience to a commitment not to sign another permit for implementation with anyone else, but may retain the right of implementation by himself. This type of permit for

implementation, viewed from its exclusiveness against the third person, is known also as "permit for implementation with exclusiveness."

### (3) Imparting of Technology

This involves a situation in which contract technology is principally treated as a technological secret or as containing a technological secret, a situation in which the supplier sends out his personnel to pass on technology to the technological personnel of a joint-venture enterprise in compliance with contract stipulations. Therefore, this pattern is an auxiliary pattern of the two aforementioned patterns.

### (4) As Investment in Kind

As an investment in kind, the supplier uses his specific technology or trademark for investment, either as a whole investment or as a partial investment, in a joint-venture enterprise. Nevertheless, because of many indefinite factors involved, it is difficult to make a pricing or evaluation of technology. This pattern is therefore seldom adopted and used in some countries.

## III. Questions To Be Considered When Selecting From Technology and Trademark Options

What directly affects the management of a joint-venture enterprise is the way technology and trademarks are chosen. Therefore, one must choose with prudence. When choosing technology, it is usually necessary to consider whether the technology is a complete and accomplished technology, how the technology produces its results, the marketability of the technology, whether it is a competitive or a substitutive technology, whether the technology is a basic invention or an improved invention, and of whether the technology may create environmental pollution. Moreover, when making specific selections, one must also take into account the following questions:

(1) When making a selection of patented technology, the questions to be considered are: 1--Is the patent valid? 2--How long is the remaining period of validity? 3--Does the supplier hold patent rights? 4--Is the scope of technology broad or narrow? 5--Does the patent possess factors threatening its validity? 6--Is the patent a subordinate invention? 7--Is the patent an infringement on the patent rights of other people? 8--Has a permit for implementation been already signed with other people? And so on.

If the technology chosen is a technology for which an application for patent has been filed but a patent has not yet been acquired, it is then necessary to consider the following questions: 1--Has a request for examination and investigation been filed (in a country having a system of examination and investigation)? 2--Is it necessary to submit a request for priority examination and investigation (in a country having a system of priority examination and investigation)? 3--At the time of acquisition of patents, could there be a change in the sphere of patents requested? 4--What are the possibilities of acquiring a patent, and how should one handle the situation of a patent application that has ultimately been rejected? 5--Does the right to use in advance exist? 6--Is there a subordinate relationship with the invention of

other people? 7--After an application for public statement or an application for public notice has been filed, what possible actions may a third person take? And so on.

(2) When exercising one's option of technological secrets, the issues to be weighed are: 1--How is the scope of technological secrets defined? 2--In what forms does the supplier provide a joint-venture enterprise with technological secrets? 3--What is the possible service life of the technological secrets? 4--How long should the technological secrets be kept secret? And how to maintain secrecy? 5--What is the allotted time of a contract? 6--If, within the allotted time of a contract, the technological secrets should turn out to be a generally known technology, what is to be done then? 7--If a third person uses the technological secrets, what is to be done then? 8--After a contract has expired, is it permissible to continue using the technological secrets? 9--Is it necessary to file a patent application? 10--Would the supplier dispatch its men to provide guidance or to impart technology? 11--Does this have an intimate relationship with a certain patent? And so on.

(3) When choosing a trademark, if the trademark of a providing party is a renowned trademark, it is permissible to consider the conclusion of a permit for use of trademarks, in order to expand the sales of the products of a joint-venture enterprise. This question should be earnestly taken into account, especially at the initial stage of the marketing of products or at a time of serious competition among products of the same kind.

At the time of concluding a permit for use of trademarks, it is necessary to consider the following questions: 1--Has the trademark been registered in the country where the joint-venture enterprise is located? 2--Is the trademark a valid trademark? 3--Is it necessary to submit an application for extension? 4--How well known is the trademark? 5--What is the sphere of use (commodity, trademark pattern, region, period of time) that has been defined in contract? 6--Is the trademark similar to a trademark of other people? 7--In which countries has the trademark been registered? 8--To which countries can the commodity bearing the trademark be exported? 9--Is the permit for use of trademark a monopolistic trademark or a nonmonopolistic trademark? And so on.

It goes without saying that there are advantages and disadvantages in marketing products bearing a foreign trademark, such as difficulties encountered in marketing products after discontinuing use of the trademark after the contract expires. For this reason, the receiving party may consider adoption of certain measures: 1--transferring possession of the trademark in advance; 2--designing an additional trademark and using it simultaneously with the foreign trademark at the initial stage of marketing the product; 3--using the business title of the foreign party on an auxiliary basis.

#### IV. Issues To Be Considered When Signing Implementation Permits

In addition to the aforementioned questions, it is still necessary to take into account the following questions at the time of signing contracts of technological implementation permits?

- (1) In order to avoid subsequent divergence of interpretation, a contract must clearly and explicitly stipulate matters concerning technology.
- (2) A contract must clearly and explicitly stipulate the types of implementation permits.
- (3) A contract must clearly and explicitly stipulate the areas of implementation, the deadlines of implementation, and the projects of implementation.
- (4) Is the concluding of a repermit permissible?
- (5) Is there a restrictive clause? This restrictive clause consists largely of limitations on export of products, limitations on sources of raw materials for procurement, and limitations on adoption of competitive technology or production of competitive products, and so on. When a restrictive dogma is being taken into consideration, it is essential that we accept reasonable limitations and reject unreasonable limitations, in compliance with China's stipulations on import of technology and introduction of foreign capital, and through an appropriate consultation with international practices.
- (6) Is there a guarantee clause? This guarantee clause requires the supplier to guarantee that the technology it provides is its own technology, that the patent is a valid patent, and that the effectiveness of technology is also guaranteed.
- (7) The ownership of improved technology should also be stipulated clearly and definitely. Simply stated, it is unreasonable for the supplier to refuse permission for a joint-venture enterprise to make an improvement in the former's technology, and it is also unreasonable for him to forcibly regard an improved technology as his own. The ownership of improved technology achieved by the joint-venture enterprise through research should belong to that enterprise, but it is permissible to give the supplier an implementation permit.
- (8) Is it necessary to conclude a security clause? Patented technology is open technology which does not require a security clause. Contract technology, when it is a technological secret or includes technological secrets, generally requires a security clause. Nevertheless, whether the scope of security and the period of security are appropriate, and how to deal with the situation wherein a technological secret becomes a publicly known technology but not due to our responsibility, should be earnestly studied and clearly defined.
- (9) Is it necessary to conclude a "noncontention clause?" The so-called "non-contention clause" means that a joint-venture enterprise (essentially a receiving party), after signing a contract, is not permitted to raise a dispute over the efficacy of a contract patent. It is generally the providing party, rather than the receiving party, that anticipates the need for this clause. In the opinion of recent judicial precedents of the United States, the receiving party may still register a dispute, even if a contract contains this noncontention clause. The question is whether there should be a refund of the service fees that have already been paid prior to the invalidation of a patent. Some people believe that there should be a refund, if a third party

has implemented it prior to patent invalidation, and that there should be no refund if no third party has implemented it.

(10) A contract must contain stipulations on contract technology, on ways and means of starting legal proceedings when encroached upon by a third party, and on how lawsuit fees are borne and paid for.

(11) A contract must clearly and explicitly stipulate methods of computing and forms of paying service fees.

(12) A contract must clearly and explicitly stipulate reasons for canceling a contract and means of terminating a contract.

(13) A contract must clearly and explicitly stipulate ways and means of solving disputes when they occur.

#### V. Protecting Industrial Property Rights, Opening New Horizons in Joint Ventures

If the pattern of joint-venture partnership is to be used as a means of drawing in more advanced technology, an important precondition is appropriate protection of the industrial property rights which the foreign party uses as its investment in joint ventures, namely, the creation of a favorable climate for joint-venture partnership, thereby making it possible for the foreign party to rest assured in using advanced technology as investment. To this end, it is necessary to popularize the knowledge of industrial property rights, intensify education on security, and perfect stipulations on security among staff and workers of the joint-venture enterprises. As long as we resolutely implement an open-door policy and appropriately protect the industrial property rights which the foreign party invests in joint ventures, a new horizon will arise in China's joint-venture work.

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CSO: 4006/18

FOREIGN TRADE AND INVESTMENT

SINO-GERMAN TRADE COOPERATION

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Feb 85 p 13

[Text] Federal Minister of Economics Martin Bangemann has proposed to German medium-sized enterprises that they open joint offices for permanent representation in Beiching, Shanghai or other Chinese cities. During the Sino-German economic commission's meeting at Bonn on Monday, Bangemann stressed that conditions for medium-sized and small enterprises to undertake business with Chinese partners would have to be improved. To date, the Chinese have done business primarily with larger firms which have also accepted their compensation proposals and "brought along" their own financing. Bangemann now anticipated greater understanding on the part of the Chinese for the situation of smaller firms.

Bangemann assured his guests that the Federal government would continue to support a policy of opening up markets with China. The EC's new agreement on economic and trade cooperation is scheduled to be approved shortly and to have favorable effects upon commerce.

CSO: 3620/258

## FOREIGN TRADE AND INVESTMENT

### JOINT VENTURE EXPERIENCE DISCUSSED

Beijing LIAOWANG [OUTLOOK] in Chinese No 47, 19 Nov 84 p 17

[Article by Wei Bu [2607 0592]: "We Are Producing "Weinabao"]

[Text] "Weinabao," a high-class series of hair conditioning articles for daily use, although not available in China for a very long time, are already being well received by the consumers, especially by women in the cities.

The products of this series, manufactured by the Wella Company of West Germany, have a history of many years and enjoy a certain reputation throughout the world. In 1980 the said company entered into a joint venture arrangement with the Tianjin No 1 Household Chemicals Factory and established the Jointly Operated Tianjin Liming Cosmetics Manufacturing Company. That started production of "Weinabao" in China.

Recently this reporter called on the said company and the company's general manager and deputy director on the German side Song Lan [1345 3482, but most likely here phonetic transcription of a German name] who first of all explained the management pattern of the said company. He said: Chinese joint venture enterprises want to adopt Western management methods, but also not to copy things wholesale. The starting point must be China's national conditions. In its administrative management our company is carrying out a responsibility system with the responsibility resting with the general manager. The general manager is responsible for the entire operation, while there is a graded responsibility system at the various organizational levels with emphasis on efficiency, each person being responsible for the particular unit he is in charge of. As to the financial powers, the general manager has authority to decide on items up to the value of RMB 1,500 yuan, the assistant manager up to 1,000 yuan and department heads only up to 100 yuan. Then, as to powers in personnel matters, the recruitment and promotion of staff and workers is decided upon by the department heads and submitted to the board of directors for approval. Furthermore, the company is extremely concerned for the welfare of its

staff and workers and is instituting a policy of rewards and penalties, also is intent on nurturing an affection for the company among its staff and workers, making them look upon the company as if it were their family home.

The Liming Company is an outstanding success. This jointly operated company of only 101 persons and a registered capital of only RMB 1.2 million yuan, since formally starting operations on 29 March 1983, achieved a production valued at 4.13 million yuan and had actual sales of 3.7 million yuan that year, of which 2.22 million yuan were exports. The productivity of all personnel was 51,000 yuan per person per year. Already in 1983 the company registered a profit and turned in 440,000 yuan in various taxes. Last year's gross profits alone allow the Chinese and the German side of the company to recover half of their investments. As to the marketing of the products, the products for export use the Wella trademarks on the various shampoos and hair conditioners as well as the Chinese trademark "Tian-zi" on shampoos, hair conditioners, hair tonics, hair milk, hair creme, silky hair creme, ginseng creme, "pearl-frost" creme, etc., which all enjoy good sales in Japan and Hong Kong. A bottle of "Tian-zi" hair tonic can sell in Japan for 5,500 yen. At present, exports account for 75 percent of the company's production, which is far in excess of the 50 percent stipulated in the contract. On the domestic market, "Weinabao" and "Bomei" cold wave solution enjoy an even warmer welcome. In the guest rooms of the Changcheng Hotel in Beijing, all hair conditioning and sanitary products are supplied by the Liming Company. Mr Song Lan said: "Our products are regularly sold out. Since we started operations 1 1/2 years ago, we have had not even one complaint from our customers." I could not help asking: "Did the Wella Company already foresee these successes when they originally selected Tianjin as their partner?" Mr Song replied: "Of course, if there was no money to be made, we would not have come. I mean to say, in a joint venture the purpose must be: on the Chinese side, to actively import foreign capital to develop China's consumer goods industry, moreover, to make use of the Wella Company's advanced technology and vast marketing network, to market China's traditional products abroad, and from the German viewpoint, the desire of the Wella Company to break into the Chinese market, which is of such a huge potential."

To gain a deeper understanding of this Sino-German joint venture, I asked Mr Song Lan to tell me something of the difficulties the company has encountered and to speak of his views and suggestions how operation of joint enterprises could be improved. Mr Song Lan said, not without emotion: "First of all I would like to point out that without the energetic



support of the central and local governments, it would not have been possible for the Liming Company to start operations in 1983."

Mr Song followed up by candidly referring to three problems: The first problem is that there are too many meddling "mothers-in-law." Once, for only a minor matter, 22 official barriers had to be crossed. He suggests it would be best to have one organization directly in charge of handling all questions in connection with joint enterprises, that this organization be given substantial authority, that would attract much more foreign capital. The second problem is that there is too narrow a field from which to hire staff and workers; we cannot assign people completely as our needs demand because of the limited sources. The third problem is the management question in joint enterprises. Although the Chinese government has drawn up clear and definite rules, there are always difficulties in actual implementation. For instance, if our cars are to deliver goods into Beijing, we have first to obtain a permit from the Tianjin Toothpaste Company, then get a nod of approval from the First Light Industry Bureau and finally a permit from the Tianjin Bureau of Communications; this is too complicated a procedure. The company has only 23 administrative personnel. If there is constantly the need to delegate one person to run after some trifling affair, that is a waste of time and energy. After he had talked about all these matters, Mr Song said with particular emphasis: Even though there are the above-stated difficulties, I personally always believe that joint enterprises have a great potential and a bright future. He said: We at Liming have this kind of confidence. I can also tell you here the good news, this year in April the company called a meeting in Germany of all its directors and both sides of their own accord negotiated a further increase in investments, to move the factory, expand and rearrange the entire layout. It is estimated that the new investment will be somewhat over RMB 3 million yuan. We are preparing an expansion of our marketing in Europe and America.

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CS0: 4006/164

SPECIAL ECONOMIC ZONES

GONGREN RIBAO ON TRADE UNION WORK IN SHENZHEN ENTERPRISES

HK010715 Beijing GONGREN RIBAO in Chinese 28 Jan 85 p 1

[Report by reporters Ma Shichang [7456 0013 2490] and Wang Wenhua [3769 2429 5478]: "Trade Union Work Is Done With Flying Colors in 'Three Kinds of Enterprises' in Shenzhen"]

[Text] In view of the characteristics of special economic zones (SEZS), the Shenzhen City General Trade Union has made vigorous efforts to set up trade union organizations in joint ventures using Chinese and foreign investment, cooperative enterprises, and enterprises wholly owned by foreign investors and to carry out trade union activities, thus making important contributions in promoting the development of enterprises and advancing the economic construction of the SEZS.

From 1980 when Shenzhen City imported large amounts of foreign capital and advanced technology to the end of last year, a total of 459 Chinese-foreign joint ventures, cooperative enterprises or wholly owned foreign enterprises have been set up and operated in the city. Most of the more than 18,000 staff members and workers of the enterprises come from the countryside with little training or expertise. Before being employed, some workers still had a hired hand mentality. Due to an inadequate understanding of China's relevant policies and decrees, some foreign investors took an incorrect attitude toward and used some inappropriate means in dealing with Chinese staff and workers, thus giving rise to a "contradiction between capital and labor." Faced with such a new development, the Shenzhen City General Trade Union continued efforts to form 82 grassroots trade unions in succession in the enterprises which had been put into production and operation and vigorously carried out trade union work there.

The trade unions of these enterprises pay attention to, above everything else, the ideological education of enterprise staff and workers. They have conducted education among the staff and workers on the policy of opening to the outside world and on patriotism, thus enabling them to acquire a clear understanding of the status and responsibility of staff and workers as the masters of the country and the great significance and goal of establishing the SEZS, and to overcome their passive attitude. The Xinnanxin Dyeing Factory is the first enterprise wholly owned and run by a Hong Kong firm in the

city, which is operated by some 60 administrative personnel and workers from Hong Kong. The 400-odd local staff and workers hired by the plant were at first unwilling to work with enthusiasm, thinking that they were working "for the capitalists." Set up in December 1982, the plant trade union promptly conducted education among the staff and workers in a systematic way and propagated the party policy of opening to the outside world. This helped the workers realize that although the plant was run by Hong Kong businessmen who invested here in accordance with China's open-door policy, judging from the overall interests of the state, taking good care of the plant means loving the country. Since then the number of workers who willingly work and conscientiously observe discipline has been increasing with each passing day. The factor's trade union also assisted the factory authorities in perfecting various rules and regulations, thus bringing about a considerable turn for the better in the general mood of the factory. As a consequence, the factory's profits increased progressively month after month and year after year. The trade union of the Kader Toy Factory, a wholly owned foreign enterprise, educated the staff and workers to approach labor and the property of the factory as the masters of the country shortly after its founding. Once, a hurricane swept the city. The factory trade union led some 200 staff members and workers in rescuing the factory buildings and equipment in defiance of the hurricane and rainstorm. A Hong Kong investor excitedly said: "When a storm signal No 10 is hoisted in Hong Kong, all workers will stop work. I dare not imagine what workers will rush to a factory to rescue its property when a hurricane rages."

Second, the trade unions of these enterprises pay attention to the technical and professional training of staff and workers and mobilize the staff and workers to launch activities of improving one's technical competence and providing first-rate service. In cooperation with the managers of the Chinese side, the trade union of the Shenzhen Bamboo Garden Hotel where cooperative management is involved has organized the staff and workers to use the advanced management expertise provided by the Hong Kong co-owners in working out rules and regulations concerning professional training and also organized the administrative personnel and workers to go to Hong Kong to study Hong Kong's advanced management and service expertise in batches, thus accumulating a relatively complete set of experience in providing first-rate service.

Third, the trade unions of these enterprises take the initiative in giving publicity to the nature and purpose of the Chinese trade unions among foreign investors so as to help them expel doubts and misgivings. Witnessing the active cooperation given by the trade unions in running joint ventures, one joint-venture manager said: "At the beginning I was agitated. Now I have come to realize that the trade union is an important force in running an enterprise well." Some foreign investors take the initiative in making things convenient for trade unions to carry out their work. While respecting the legal interests of foreign investors, the trade unions at various levels in Shenzhen City have waged a struggle against the actions which

ignored and infringed upon the legal rights and interests of the Chinese staff and workers on just grounds and with proof and evidence, thus safeguarding the rights and interests of the masses of staff and workers and enabling foreign investors to acquire a new understanding of respecting Chinese laws and the legal rights and interests of the Chinese staff and workers and to better cooperate with the Chinese partners.

CSO: 4006/342

SPECIAL ECONOMIC ZONES

GONGREN RIBAO ON DOING TRADE UNION WORK IN JOINT VENTURES WELL

HK010717 Beijing GONGREN RIBAO in Chinese 28 Jan 85 p 1

[Commentator's article: "Do Well in Trade Union Work in Chinese-Foreign Joint-Venture Enterprises"]

[Text] With the implementation of the party policy of opening to the outside world, the construction of China's Special Economic Zones (SEZS) and open coastal cities has expanded rapidly. How to form and perfect trade union organizations and how to do the mass work of staff and workers well in joint ventures using Chinese and foreign investment, cooperative enterprises, and enterprises wholly owned by foreign investors has more and more become a pressing problem. The experience of the Shenzhen City General Trade Union merits our special attention.

Opening to the outside world and doing a good job in importing foreign capital and technology and carrying out technological exchanges with other countries are the strategic measures for quickening the pace of China's four modernizations program, are where the fundamental interests of the vast numbers of China's staff and workers lie, and are of great significance in accelerating the tempo of China's four modernizations program. As far as the Chinese-foreign joint ventures, cooperative enterprises, and wholly owned foreign enterprises in the SEZS and open coastal cities are concerned, not only are modern management and modern technology indispensable but the attitude of the staff and workers in these enterprises toward work and labor as the masters of the country and their work enthusiasm are even more indispensable. Therefore, the institution and perfection of trade union organizations in these enterprises are necessary not only for safeguarding the legal rights and interests of the masses of staff and workers but also for mobilizing the enthusiasm of the staff and workers, operating the enterprises well, and developing the SEZS open coastal cities. Trade union organizations in the Chinese-foreign joint ventures, cooperative enterprises, and wholly owned foreign enterprises must concentrate their efforts mainly on arousing and organizing the staff and workers to support the state policy of opening to the outside world and on operating these enterprises well. They should teach the staff and workers to resolutely implement the party policy of opening to the outside world in the spirit of being the masters of the country, to work hard to study and master scientific and technological

knowledge and modern management expertise, to work hard, to observe work discipline, to raise economic results, and to strive to fulfill production tasks. Meanwhile, they should also be concerned with the ideological development of staff and workers, organize them to be physically and mentally vigorous in carrying out various recreational and sports activities, and should work hard to do a good job in the building of spiritual civilization in the ranks of staff and workers.

The trade union in China is the important representative and defender of the legal rights and interests of the masses of staff and workers. While organizing the masses of staff and workers to energetically develop production, satisfactorily cooperate with foreign investors, and respect the rights and interests obtained by them according to the law, trade unions of the Chinese-foreign joint ventures, cooperative enterprises, and wholly owned foreign enterprises must enthusiastically undertake the responsibility of safeguarding the rights and interests of staff and workers, assist and supervise the enterprise operators in abiding by the law and fulfilling contracts and wage a struggle against all violations of the interests of the state and the staff and workers on just grounds and to their advantage as well as in accordance with laws and regulations so as to ensure the smooth development of these enterprises.

CSO: 4006/342

LABOR AND WAGES

ANHUI: HUAN HUANG VISITS HEFEI TRADE UNIONISTS

OW021332 Hefei Anhui Provincial Service in Mandarin 1100 GMT 1 Feb 85

[Text] The Second Enlarged Plenary Session of the Seventh Provincial Trade Union Council was held in Hefei from 25-29 January. The meeting called for strengthening the vitality of enterprises and unfolding various trade union activities.

Liu Guangcai, member of the Standing Committee of the provincial CPC committee and director of the provincial Organization Department, spoke at the meeting on behalf of the provincial CPC committee. Huang Huang, secretary of the provincial CPC committee, and Shi Junjie, deputy secretary of the provincial CPC committee, called on the participants at the meeting.

The meeting called on the various trade union organizations in the province to unswervingly orient trade union work onto the track of economic work, focus attention on revitalizing the enterprises, and fully mobilize the workers' enthusiasm, wisdom, and creativity in work. In the New Year, the trade unions must focus attention on setting up and perfecting the workers' congresses, energetically promote democratic management of enterprises, genuinely protect the workers' legitimate interests, and encourage them to achieve prosperity through hard work. The trade unions must also strengthen the workers' political education, as well as education on culture and technology, and strive to improve the workers' qualities. They must also run the workers' clubs well, improve trade union work, unite, and lead all the workers in the province to make greater contributions to bringing about an economic lift-off for Anhui Province.

CSO: 4006/342

## TRANSPORTATION

### ELECTRIFICATION OF CHINESE RAILWAYS

Beijing KEXUE SHIYAN [SCIENTIFIC EXPERIMENT] in Chinese No 11, 10 Nov 84 pp 5, 35

[Article by Jing Chaoyu [5427 2600 3254]: "China's Railway Electrification in Ascendance"]

[Text] There are two kinds of electrified railways, direct current and alternating current. Historically, electrified railways all over the world developed from direct to alternating current. At the Berlin Trade Fair on 31 May 1879, the German scientist Werner von Siemens and the Halske Company displayed the first railway drawn by a locomotive that used electricity. The elliptical track of this electrified railway was only 300 m long. The electric locomotive, weighing 954 kilos, was equipped with two 2,000-kw direct current motors, capable of pulling three railway cars, each with six passenger seats. During the exhibition, this train carried over 80,000 admiring visitors; it was an omen of the great future vitality of the electric locomotive. After World War II, all industrially advanced capitalist countries replaced steam locomotives with electric and diesel engines. Because trains drawn by electric locomotives could better meet the demands for high-speed, heavy-load, large-volume transportation, had the advantage of a more rational use of the sources of motive power, and emitted no pollution, electric haulage became favored many times over and gradually became the major trend in railway development in all countries. Direct current locomotives generally used two kinds of voltage, 1,500 and 3,000 volt. Because of the loss of voltage in these locomotives, they consumed much electric power during operations. In their construction, they also required large amounts of expensive nonferrous metals. They furthermore needed many transformer stations along the line, which proved cumbersome to maintain. For all these reasons, they were eventually replaced by alternating current locomotives. The current used for alternating current locomotives is single-phase, high-voltage alternating current, alternated by transformer stations. The total length of all electrified railway lines in the world has reached 150,000 km [as published], and the locomotives are becoming more and more efficient and faster.

#### The Beginning of Electrified Railways in China

Electrified railways, when first introduced in China, immediately faced the problem of what system of traction to use. China was not disadvantaged by having to undergo a process of technical conversion of any old lines from



direct to alternating current, but could rather at one stroke adopt an alternating current system, thus allowing our electrified railways right from the start to join the ranks of the world's advanced systems.

The Tang Dynasty poet Li Bo once exclaimed in awe: "The road to Sichuan is difficult, as difficult as going up into the blue sky." However, on 15 August 1961, on opening the completed Baoji-Fengzhou section of the Baoji-Chengdu railway line, a thoroughfare was indeed created reaching Sichuan Province over this line. Because electric locomotives have more hauling power and run faster than steam locomotives, because their transport capacity is 3 times larger, their thermal energy 3 times greater and their intervals between major overhauls 3 times longer, railway transport costs were reduced 20 percent. This means an annual savings of 7 million yuan could be achieved, and by this item alone all scientific and technological investments can be recovered in 1 year.

From the time the Baoji-Fengzhou section was opened for traffic up to now, China has constructed and opened for traffic the entire Baoji-Chengdu line, the entire Shijiazhuang-Taiyuan line, the Yang-An line, the Xiangfan-Daxian section of the Xiangfan-Chongqing line and the Baoji-Lanzhou section on the Longhai railway, altogether over 2,000 km of railway lines. Presently, the Fengtai-Datong section on the Beijing-Baotou line and the line from Beijing to Qinhuangdao are speedily being constructed as electrified railway lines, and every effort is being made to have them soon opened for traffic.

#### The First Multiple-Track Electric Railway Line

China's first multiple-track electric railway line is the Shijiazhuang-Yangquan section of the Shijiazhuang-Taiyuan railway (see illustration). This is an important line for coal shipments from Shanxi Province. The principal freight transported over China's railways is coal, but due to backward technology and equipment, the transport capacity is insufficient, and the large stocks of coal awaiting shipment are one of the major problems of our railways. After electrification of the Shijiazhuang-Taiyuan line, the freight capacity of each train was increased from 2,200 to 3,500 tons, thus doubling and redoubling the annual transport capacity and effectively resolving to a great extent the problem of accumulating stocks of coal.

The Shijiazhuang-Taiyuan line employs the alternating current Shaoshan II model electric locomotive with silicon rectifiers. This is now the main model used on China's electrified railways. If you enter the driver's cabin of this locomotive while its motors are roaring and look around, you will only see a clean, bright and extremely comfortable place, so utterly different from the smoky and hot steam locomotives or the diesel locomotives with their irritating smell of diesel oil. The electric locomotives are heated in winter and have fans running in summer, the drivers are properly and cleanly dressed, and operations are carried out in an alert and orderly manner. With changing freight loads, the drivers can flexibly regulate train speeds to take full advantage of the efficiency of the electric locomotives. All electrical instruments and equipment on the locomotives and all fittings are highly reliable, and there are hardly any breakdowns. They also have electronic braking systems, which are extremely effective in controlling train speeds on long downhill stretches, thereby effectively preventing the occurrence of runaway trains and other perils.

Along the Shijiazhuang-Taiyuan line, there is no complete electric power supply system, which is attracting much attention. The high-tension transmission lines that crisscross far into the distance on the transmission line towers, like a spider's net, are the contact network for the electric locomotives, namely the important installations which supply electric power directly to the locomotives. There is also a number of transformer stations, transforming the high-tension electricity of 110 kilovolts emitted from the power plant over the high-tension transmission lines down to the single-phase 27.5-kilovolt high voltage current suitable for the electric locomotives, which current the transformer stations then deliver to the electric network erected over the railway lines. The electric guidelines hanging down from the transmission network, guide the current into the locomotives through the arched receiving arms on top of the locomotives and, after another transformation inside the locomotives, the current then drives the motors underneath the locomotives, rotating the motors, which in turn rotate the wheels and pull the train over the track. Finally, the current returns to the transformer station through the steel rails, having completed its task of supplying electric power to the locomotives.

### The Great Blueprint

Development of electrified railways not only greatly increases hauling capacity, but is also an important measure to help solve the energy crisis. Practice has proven that the steam locomotives are less efficient in hauling capacity, consume much of our energy resources and cause much pollution. Haulage by diesel locomotives is limited by the availability of petroleum resources and is also adversely affected by the international petroleum crisis, therefore also not suitable for development. It is for these reasons that Chan Puru [7115 3877 1172], minister of railways, pointed out at a working meeting on railway science and technology: "Considering China's energy resources, and also from a long-term point of view, we must give preference to electricity as the primary motive power in railway traction." A senior engineer at the railway electrification bureau of the Ministry of Railways, when considering the long-term outlook for China's railway electrification, said that the scale of China's construction of electric railway lines has been planned quite large in the Sixth and Seventh 5-Year Plans. The Sixth 5-Year Plan demands that 2,511 km be completed. The Seventh 5-Year Plan calls for nearly twice that much; construction of multiple tracks is to be 3,293 km and single-track lines 2,586 km. By the time the Seventh 5-Year Plan is completed in 1990, China's electrified railway lines will stretch in all directions and extend to every place north and south of the Chang Jiang. Trains hauled by electric locomotives will roll over hills and dales and traverse the vast territory of our motherland day and night. At that time we shall have almost 10,000 km of electric railway lines and shall rank among the advanced systems of the world.

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CSO: 4006/239

TRANSPORTATION

CHONGQING TO BUILD NEW, ALL-WEATHER AIRPORT

OW070803 Beijing XINHUA in English 0646 GMT 7 Feb 85

[Text] Chongqing, 7 Feb (XINHUA)--Construction will start this year on a top-grade, all-weather airport in Chongqing City, Sichuan Province, the leading industrial and business center in southwest China.

The airport will be built in Jiangbei County, 25 kilometers from Chongqing City proper. It will be equipped with the most up-to-date facilities to allow the take-off and landing of Boeing 707 and 747 and other large aircraft around the clock and in all weathers, according to local civil aviation authorities.

The project, to be completed by the end of 1987, has been approved by the State Planning Commission. The first phase of construction will involve a modern air terminal, a 2,600-meter runway and a top-grade road, water and electricity supply system.

The present airport is too small to meet the needs of growing external economic relations, the local civil aviation authorities said.

CSO: 4020/110

TRANSPORTATION

BRIEFS

AIR TRANSPORT AGREEMENT--The Lianyungang City People's Government and the CAAC's [Civil Aviation Administration of China] Jiangsu branch on 12 January reached an agreement on setting CAAC stop in Lianyungang. The two parties have decided that a Shanghai-Lianyungang-Beijing flight and a Shanghai-Lianyungang-Qingdao-Beijing flight will be inaugurated in March this year. The twice-weekly flights will make return trips on the same day. The two parties have also decided that a Shanghai-Lianyungang-Nantong flight will be added in the second half of this year. [Text] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 12 Jan 85 OW]

XINING RAILWAY SUBBUREAU--Yesterday afternoon the provincial people's government held a forum to commend the Xining Railway Subbureau and award a silk banner and bonus money to the subbureau and its leaders. Provincial party and government leaders Zhao Haifeng, Huang Jingbo, Zhang Guosheng, Song Lin, Shen Lin, and Yin Kesheng attended the forum and extended congratulations to the Xining Railway Subbureau for its achievements. They also encouraged the leaders of the subbureau to make continuous efforts in 1985 and to make new contributions to Qinghai's economic construction. The Xining Railway Subbureau overfulfilled all production targets for 1984. It achieved an all-time high for six economic targets, including the annual freight volume, the annual passenger volume, and the turnover of converted passenger and freight volume. In order to commend the subbureau for the achievements it has made, at yesterday's forum the provincial people's government awarded a silk banner and 30,000 yuan in bonus money to the subbureau, awarded 200 yuan each to subbureau CPC Committee secretary and director, and awarded 150 or 100 yuan each to deputy directors, CPC Committee deputy secretaries, and the chief engineer of the subbureau. [Text] [Xining Qinghai Provincial Service in Mandarin 1100 GMT 29 Jan 85 HK]

CHANG JIANG TRANSPORT--There are over 800 shipping companies and 40,000 waterway transport specialized households on the Chang Jiang waterway system. Shipping tonnage totals over 7 million. Last year the volume of freight traffic on the Chang Jiang system reached 259 million tons, a record. The volume of freight handled by the 20 ports under the Chang Jiang Navigation Administrative Bureau was 110 million tons. Profits made by the bureau's subordinate ports and the Chang Jiang Shipping General Company rose by nearly 100 million yuan over 1983. The bureau, which is an agency of the Ministry of Communications, is responsible for administrative work including development plans along the

the river. The Chang Jiang Shipping General Company practices independent accounting. The ports serve vessels of all companies. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 2 Feb 85 HK]

NORTH XINJIANG RAILROAD--Xinjiang Regional Government Vice Chairman Wang Baozhang announced yesterday at a meeting to set up the Northern Xinjiang Railroad Company that construction of the line will commence on 1 May. From 1985 to 1987, tracks will be laid as far as Usu. Track-bed preparations from Urumqi to Shihezi should be largely completed this year, and an effort will be made to lay 50 kilometers of track this year also. Qi Guo, secretary of the Regional CPC Committee and director of the board of the company, spoke at the meeting. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 2 Feb 85 HK]

SHAANXI HIGHWAY BUILDING--Xian, 3 February (XINHUA)--Some 1 million peasants in Ankang, Hanzhong, and Shangluo Prefectures in Shaanxi Province have organized themselves on a voluntary basis to build a 1,000 kilometer long highway in the Qinba mountainous area at some 500 construction sites. Since the beginning of 1985, the Shaanxi Provincial People's Government has adopted a decision to build highways in the Qinba mountainous area. Funds of 50 million yuan will be raised by the state, the collective and the individuals to build 10,000 kilometers of highways within a period of 3 years. [Summary] [Beijing XINHUA Domestic Service in Chinese 0217 GMT 3 Feb 85 OW]

HAIKOU AIRPORT EXPANSION--Haikou, 7 Feb (XINHUA)--Flights will resume tomorrow between Guangzhou, capital of Guangdong Province, and Haikou, capital of the Hainan Administrative Region. Haikou airport now can take Boeing 737's with the completion of preliminary expansion begun last November. A runway has been extended from 2,000 meters to 2,500 meters, and a taxiway, control tower and housing built. The expansion is one of Hainan's 24 key development projects using foreign technology and investment. The second phase, to be completed in December, includes a new terminal building, a parking apron, a refueling station and runway and taxiway widening. [Text] [Beijing XINHUA in English 1555 GMT 7 Feb 85 OW]

CSO: 4020/110

PUBLICATIONS

BRIEF

JIANGJI RIBAO PUBLICATION SCHEDULE--Beijing, 8 January (XINHUA)--Since the beginning of this year, JINGJI RIBAO has become a daily instead of a Saturday newspaper. Its first Sunday edition was published on 6 January. The Sunday edition of JINGJI RIBAO will raise and discuss questions of vital interest to the people; reflect the readers' opinions and demands, propagate knowledge, provide consultative service, and organize knowledge contests and product appraisals. [Text] [Beijing XINHUA Domestic Service in Chinese 1336 GMT 8 Jan 85 OW]

CSO: 4006/350

HONG KONG ECONOMIC TRENDS

BRIEFS

PRC COMPANY IN HONG KONG--Hong Kong, 5 May (XINHUA)--The Sanlian Economic Development (Hong Kong) Co started business in Hong Kong on 5 January. The company's goal is to unite with Hong Kong and Macao compatriots, Taiwan compatriots, and Overseas Chinese compatriots to jointly develop the economy. The company is a collectively owned comprehensive investment enterprise which raises funds by itself and shoulders sole responsibility for its profits or losses. It is also the Hong Kong agency of the Fujian Provincial Sanlian Economic Development Co, You Dexin, vice governor of Fujian, who is now visiting Hong Kong, presided over the opening ceremony of the company on 5 January. [Summary] [Beijing XINHUA Domestic Service in Chinese 1600 GMT 5 Jan 85 OW]

JIANGSU-HONG KONG VENTURE--(Dajiahao) Fast Food Restaurant--Nanjing Co, Ltd, will open at Xijiekou in Nanjing City, Jiangsu, starting 1 May this year. It is a joint venture with a total capital of \$2.5 [Hong Kong dollars] million invested by the service company of the Jiangsu Provincial Civil Aviation Bureau, (Jinjin) Business Development Co, Hong Kong (Dajiahao) Nanjing Food and Drink Service Co, Ltd, and Hong Kong Mutual Investment Co, Ltd. An agreement on the joint venture was signed yesterday. [Excerpt] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 18 Jan 85 OW]

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